



Province of Newfoundland

Public Accounts

Volume IV (A - L)

**Financial Statements of Crown Corporations
Boards and Authorities**

**For The Year Ended
31 March 2000**

PRINTED UNDER AUTHORITY OF THE HOUSE OF ASSEMBLY

St. John's, Newfoundland



GOVERNMENT OF
NEWFOUNDLAND AND LABRADOR

Department of Finance
Office of the Minister

December, 2000

The Honourable A.M. House, C.M., M.D., FRCPC
Lieutenant-Governor of Newfoundland and Labrador

Sir,

I have the honour to present the Financial Statements of Crown Corporations, Boards and Authorities for the financial year ended 31 March 2000.

Respectfully submitted,
Your Honour's obedient servant,

LLOYD MATTHEWS
Minister of Finance



GOVERNMENT OF
NEWFOUNDLAND AND LABRADOR

Treasury Board
Office of the Minister

December, 2000

The Honourable Lloyd Matthews
Minister of Finance

Dear Colleague:

I am pleased to provide to you the Financial Statements of Crown Corporations, Boards and Authorities for the financial year ended 31 March 2000 for tabling in the House of Assembly pursuant to the requirements of the *Financial Administration Act*.

Yours sincerely,

Anna Thistle, MHA
President of Treasury Board

INTRODUCTION

The reproduction of the available financial statements of Crown Corporations, Boards and Authorities are presented through the publication of the Public Accounts, Volume IV.

The Public Accounts for the year ended 31 March 2000 consists of three other volumes:

Volume I – Consolidated Summary Financial Statements presents the summary financial statements which consolidate the financial statements of the Consolidated Revenue Fund with the financial statements of various Crown Corporations, Boards and Authorities, as approved by Treasury Board, which are owned or controlled by, and accountable to, the Government of Newfoundland and Labrador.

Volume II – Consolidated Revenue Fund Financial Statements presents the financial position of the Fund and the results of its activities.

Volume III – Consolidated Revenue Fund Supplementary Statements and Schedules presents the unaudited summary statements, detailed departmental statements, schedules and notes of the Fund and are prepared on a basis consistent with the Estimates of the Province.

The Public Accounts of the Province as tabled in the House of Assembly in accordance with Section 60 of the *Financial Administration Act*.

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The financial statements of the following agencies were not received in time for inclusion in this volume:

NAME	YEAR
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Burin Peninsula School Board	1998
Fisheries Loan Board of Newfoundland	2000
Health Labrador Corporation	2000
Marble Mountain Development Corporation	2000
Marble Mountain Management Corporation	2000
Newfoundland Cancer Treatment and Research Foundation	2000
Newfoundland Farm Products Corporation	1998



ADVISORY COUNCIL ON THE ECONOMY

FINANCIAL STATEMENTS

31 MARCH 2000



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Clerk of the Executive Council
and Secretary to Cabinet
St. John's, Newfoundland

I have audited the balance sheet of the Advisory Council on the Economy as at 31 March 2000 and the statement of revenue, expenditure and equity for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at 31 March 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Elizabeth Marshall

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
19 June 2000

ADVISORY COUNCIL ON THE ECONOMY

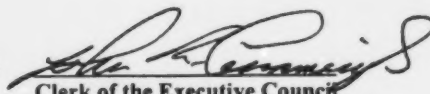
BALANCE SHEET

31 MARCH 2000

	<u>2000</u>	<u>1999</u>
ASSETS		
Current		
Cash	\$47,825	\$47,595
Accounts receivable (Note 2)	<u>26,558</u>	<u>26,566</u>
	74,383	74,161
Capital assets (Note 3)	<u>-</u>	<u>-</u>
	<u>\$74,383</u>	<u>\$74,161</u>
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	\$17,644	\$17,492
Equity	<u>56,739</u>	<u>56,669</u>
	<u>\$74,383</u>	<u>\$74,161</u>

See accompanying notes

Signed on behalf of the Council:


Clerk of the Executive Council
and Secretary to Cabinet


Director of Finance and General
Operations, Executive Council

ADVISORY COUNCIL ON THE ECONOMY
STATEMENT OF REVENUE, EXPENDITURE AND EQUITY
FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u>	<u>1999</u>
REVENUE		
Interest income	\$ 70	\$ 125
EXPENDITURE		
Office lease	-	7,780
Professional services	-	85
	-	7,865
Excess of revenue over expenditure (expenditure over revenue)	70	(7,740)
Equity, beginning of year	<u>56,669</u>	<u>64,409</u>
Equity, end of year	<u>\$56,739</u>	<u>\$56,669</u>

See accompanying notes

ADVISORY COUNCIL ON THE ECONOMY

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

Authority

The Advisory Council on the Economy (the Council) operates under the authority of the Economic Advisory Council Act. The purpose of the Council is to provide independent responsible policy advice and recommendations to the Premier and Cabinet on issues affecting the economy of the Province. Its affairs were managed by a Council consisting of 15 members appointed by the Lieutenant-Governor in Council.

On 16 May 1996, the Government announced that the functions of three entities: the Advisory Council on the Economy, the Newfoundland and Labrador Science and Technology Advisory Council, and the Newfoundland and Labrador Round Table on the Environment and Economy would be combined. The combined Councils are now funded under the Cabinet Secretariat, Office of the Executive Council.

The responsibility for winding up the affairs of the Advisory Council on the Economy has been transferred to Executive Council. This transfer included a Federal/Provincial cost-shared activity referred to as the Labour Relations Project. Effective 28 May 1996, the required staff of the Advisory Council on the Economy were transferred to the Office of the Executive Council for the duration of the project. Other operating expenditures for the project were paid from the Advisory Council on the Economy funds. The project was completed in November 1996.

There was a settlement of the Council's lease obligation in September 1998. It is intended to have the Economic Advisory Council Act repealed and subsequently wind up operations.

1. Significant accounting policies

These financial statements have been prepared by the Council in accordance with generally accepted accounting principles. Outlined below is the significant accounting policy followed.

Capital assets

All capital assets were recorded at cost at the time of acquisition and have been fully expensed in prior years.

ADVISORY COUNCIL ON THE ECONOMY

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

2. Accounts receivable

	<u>2000</u>	<u>1999</u>
Province of Newfoundland	\$27,182	\$27,182
Salary overpayment	17,467	17,467
Miscellaneous	-	8
	<u>44,649</u>	<u>44,657</u>
Less: allowance for doubtful accounts	<u>18,091</u>	<u>18,091</u>
	<u>\$26,558</u>	<u>\$26,566</u>

3. Capital assets

	<u>2000</u>		<u>1999</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and equipment	\$166,807	\$166,807	\$ -	\$ -
Leasehold improvements	<u>14,003</u>	<u>14,003</u>	-	-
	<u>\$180,810</u>	<u>\$180,810</u>	<u>\$ -</u>	<u>\$ -</u>

4. Financial instruments

The Council's financial instruments recognized in the Balance Sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities, the carrying value of which approximate fair value due to the short-term maturity associated with these instruments.

5. Income taxes

The Council is a Crown entity of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

6. Subsequent event

On 17 April 2000, the cash balance of \$47,825 was deposited in the Consolidated Revenue Fund of the Province of Newfoundland.

AVALON EAST SCHOOL BOARD

FINANCIAL STATEMENTS/AUDITORS' REPORT

JUNE 30, 1999

AVALON EAST SCHOOL BOARD

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**Deloitte &
Touche**





AUDITORS' REPORT

The Minister of Department of Education
Government of Newfoundland & Labrador

We have audited the balance sheet of Avalon East School Board as at June 30, 1999 and the statements of current revenues, expenditures and Board equity (deficiency), changes in financial position and changes in Capital Fund for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board, as well as evaluating the overall financial statement presentation.

Note 1 to the financial statements describes the accounting policy for the Board's capital assets. The audited financial statements of the former Roman Catholic School Board for St. John's did not include the costs of new schools and school extensions acquired before June 30, 1988. In this respect these financial statements are not in accordance with the Department's required basis of accounting.

In our opinion, except for the effects of the capitalization policy of the Board described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 1999 and the results of its operations and changes in net assets and financial position for the year then ended in accordance with the Department's required basis of accounting.

Deloitte & Touche LLP

St. John's, Newfoundland,
October 15, 1999.

AVALON EAST SCHOOL BOARD
BALANCE SHEET
June 30, 1999

	<u>1999</u>	<u>1998</u>
Assets		
Current Assets		
Cash (Supp. Info. 1)	\$ 1,138,087	\$ 1,738,282
Short Term Investments (Supp. Info. 2)	2,141,627	2,105,172
Accounts Receivable (Note 3)	1,826,031	1,773,219
Prepaid Expenses (Supp. Info. 3)	<u>248,320</u>	<u>273,948</u>
Total Current Assets	5,354,065	5,890,621
Property and Equipment (Sch. 8)	<u>105,876,385</u>	<u>104,465,486</u>
	<u>\$ 111,230,450</u>	<u>\$ 110,356,107</u>
Liabilities and Board Equity		
Current Liabilities		
Due to the Government of Newfoundland & Labrador	\$ -	\$ -
Accounts Payable and Accrued (Note 5)	2,111,046	2,236,367
Current Maturities (Schedule 9B)	<u>-</u>	<u>-</u>
Total Current Liabilities	<u>2,111,046</u>	<u>2,236,367</u>
Long-Term Debt (Schedule 9)	<u>-</u>	<u>-</u>
Teachers Severance Pay Benefits (Note 2)	23,759,132	23,681,069
Other Employees Severance Pay Accrual	<u>2,364,071</u>	<u>2,274,208</u>
	<u>26,123,203</u>	<u>25,955,277</u>
Other Employee Benefits (Note 8)	<u>576,902</u>	<u>679,698</u>
Board Equity		
Investment in Capital Assets (Note 7)	105,227,470	104,465,486
Reserve Account (Note 6)	-	-
Board Equity (Deficit)	<u>(22,808,171)</u>	<u>(22,980,721)</u>
Total Board Equity	<u>82,419,299</u>	<u>81,484,765</u>
	<u>\$ 111,230,450</u>	<u>\$ 110,356,107</u>

See Accompanying Notes

Approved:

Kathleen Lexton Chairperson

Brenda Bayart Treasurer

Deloitte & Touche

AVALON EAST SCHOOL BOARD

Statement of Current Revenues, Expenditures and Board Equity (Deficiency)

Year Ended June 30, 1999

	1999	1998
Current Revenue (Schedule 1)		
Provincial Government Grants	\$ 148,975,814	\$ 146,150,689
Donations	-	-
Ancillary Services	31,367	25,093
Miscellaneous	815,102	951,118
	<u>149,822,283</u>	<u>147,126,900</u>
Current Expenditures		
Administration (Schedule 2)	2,495,673	2,987,846
Instruction (Schedule 3)	126,712,351	123,296,203
Operations and Maintenance (Schedule 4)	13,370,903	13,383,468
Pupil Transportation (Schedule 5)	6,438,135	7,031,100
Ancillary Services (Schedule 6)	25,444	124,289
Interest Expense (Schedule 9C)	-	-
Miscellaneous Expense (Schedule 7)	-	-
	<u>149,042,203</u>	<u>146,822,906</u>
23 111 Excess of Revenue over Expenditure before undemoted items	780,077	303,994
Transfer to Capital Fund	<u>529,464</u>	<u>869,909</u>
Excess of revenue over expenditure (expenditure over revenue) before teachers' severance	250,613	(565,915)
Net change in teachers' severance liability (Note 5)	<u>78,063</u>	<u>-</u>
Excess of revenue over expenditure (expenditure over revenue)	172,550	(565,915)
Fund Balance (Deficiency), Beginning of the Year	(22,980,721)	1,266,263
Teacher severance pay accrual (Note 2)	<u>-</u>	<u>(23,681,069)</u>
Fund Balance (Deficiency), End of the Year	<u>\$ (22,808,171)</u>	<u>\$ (22,980,721)</u>

See Accompanying Notes

AVALON EAST SCHOOL BOARD

Statement of Changes in Financial Position Year Ended June 30, 1999

		<u>1999</u>	<u>1998</u>
60	Operating Activities		
011	Excess of Revenue over Expenditures (Expenditures over Revenue)	\$ 780,077	\$ 303,994
012	Changes in Non-Cash Working Capital		
013	- Short Term Investments	(36,455)	759,484
014	- Accounts Receivable	(52,810)	(449,841)
015	- Prepaid Expenses	25,628	(85,271)
014	- Accounts Payable & Accrued Expenses	(125,321)	(354,470)
015	- Amortization of energy retrofit	87,691	-
016	Other - Severance pay accrual	89,862	91,442
	Other - Other employee benefits	<u>(102,797)</u>	<u>(9,704)</u>
		<u>665,875</u>	<u>255,634</u>
 61	 Financing Activities		
011	Proceeds from Bank Loans	-	-
012	Grants - Capital	232,520	934,142
013	Other Capital Revenue	-	-
014	Changes in Long-Term Debt	-	-
015	Other	<u>-</u>	<u>-</u>
		<u>232,520</u>	<u>934,142</u>
 62	 Investing Activities		
011	Proceeds on Sale of Capital Assets	-	-
012	Additions to Property and Equipment	(761,984)	(1,804,051)
013	Other - Energy Retrofit	<u>(736,606)</u>	<u>-</u>
		<u>(1,498,590)</u>	<u>(1,804,051)</u>
 63	 Increase (decrease) in Cash	 (600,195)	 (614,275)
 64	 Cash, Beginning of the Year	 <u>1,738,282</u>	 <u>2,352,557</u>
 65	 Cash, End of the Year	 <u><u>\$ 1,138,087</u></u>	 <u><u>\$ 1,738,282</u></u>

See Accompanying Notes

AVALON EAST SCHOOL BOARD

Statement of Changes in Capital Fund

Year Ended June 30, 1999

		<u>1999</u>	<u>1998</u>
70	Capital Receipts		
71	Proceeds from Bank Loans		
011	- School Construction	\$ -	\$ -
012	- Equipment	-	-
013	- Service Vehicles	-	-
014	- Pupil Transportation	-	-
015	- Other	-	-
72	DEC Grants		
011	School Construction and Equipment	-	-
012	Other	-	-
73	Donations		
011	- Cash Receipts	-	-
012	- Non-Cash Receipts	-	-
013	- Restricted Use	-	-
74	Sale of Capital Assets - Proceeds		
011	- Land & 012 Buildings	-	-
013	- Equipment	-	-
014	- Service Vehicles	-	-
015	- Pupil Transportation Vehicles	-	-
016	- Other	-	-
75	Other Capital Revenues		
011	- Interest on Capital Fund Investments	-	-
012	- Premiums on Debentures	-	-
013	- Recoveries of Expenditures	-	-
015	- Insurance Proceeds	-	-
016	- Native Peoples Grants	-	-
017	- Miscellaneous	-	-
	- Department of Education Capital Grants	50,750	68,666
	- Department of Education Info Technology Grants	168,520	807,900
	- Cost sharing for Info Technology Grants	13,250	57,576
Total Capital Receipts		<u>232,520</u>	<u>934,142</u>
77	Transfer from Reserve Account	-	-
78	Transfer to/from Current Fund	<u>529,464</u>	<u>869,909</u>
Total		<u>\$ 761,984</u>	<u>\$ 1,804,051</u>

See Accompanying Notes

AVALON EAST SCHOOL BOARD

Statement of Changes in Capital Fund (Cont'd)

Year Ended June 30, 1999

	<u>1999</u>	<u>1998</u>
80 <u>Capital Disbursements</u>		
81 <u>Additions to Property & Equipment</u>		
011 - Land and Sites	\$ -	\$ -
012 - Buildings	120,852	399,677
013 - Furniture & Equipment - School	529,809	1,326,923
014 - Furniture & Equipment - Other	111,323	63,551
015 - Service Vehicles	-	13,900
016 - Pupil Transportation	-	-
017 - Other	736,606	-
	<u>1,498,590</u>	<u>1,804,051</u>
 82 <u>Principal Repayment of Long Term Debt</u>		
011 - School Construction	-	-
012 - Equipment	-	-
013 - Service Vehicles	-	-
014 - Other	-	-
	<u>-</u>	<u>-</u>
 83 <u>Miscellaneous Disbursements</u>		
013 - Other	-	-
	<u>-</u>	<u>-</u>
 Total Capital Disbursements	 <u><u>\$ 1,498,590</u></u>	 <u><u>\$ 1,804,051</u></u>

See Accompanying Notes

AVALON EAST SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

1. Significant Accounting Policies

These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of accounting policies summarized below:

Revenue

The Board's main source of funding is derived from the Department of Education. The Department provides funding for operations, transportation, capital expenditures and teacher salaries and severance pay. Funding designated for specific purposes is deferred and included in revenue when the related expenditures have been incurred.

Capital Assets

Capital assets acquired by the Board on January 1, 1997 are recorded based on the December 31, 1996 audited financial statements of the predecessor boards. Additions to capital assets after January 1, 1997 are recorded at cost. Disposals and amortization are not recorded in the accounts.

Teachers' Payroll

The Government of Newfoundland processes the teachers' payroll and remits the source deductions directly to the appropriate agency. The amounts recorded in the financial statements represent gross salaries for the period.

Student Assistants' Payroll

The Government of Newfoundland and Labrador processes the student assistants' payroll and remits the source deductions directly to the appropriate agency. The amounts recorded in the financial statements represent gross salaries for the period. Prior period figures are not readily available for comparative purposes.

Pension Costs

All permanent employees of the Board are covered by the Public Service Superannuation Plan administered by the Province of Newfoundland. Contributions to the plan are required from both the employee and the Board. The annual contributions for pensions are recognized in the accounts on a current basis.

AVALON EAST SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

2. Teachers' severance

Pursuant to a directive issued by the Department of Education during fiscal 1998, the Board recorded severance pay for teachers in the District. The Schools Act specifies that salaries and other compensation for teachers are the responsibility of the Department. The Board received written approval from the Minister of Education for the deficit arising from the Department's requirement for the teachers' severance pay accrual.

The net change in the liability for the year ended June 30, 1999 is as follows:

Balance, beginning of the year		\$ 23,681,069
Increase for the year	\$ 2,478,752	
Severance payments	<u>(2,400,689)</u>	<u>78,063</u>
Balance, end of the year		<u>\$ 23,759,132</u>

3. Accounts Receivable

	<u>1999</u>	<u>1998</u>
<u>Current</u>		
11 131 Provincial Government	\$ 518,188	\$ 221,978
132 Transportation		249,629
133 Federal Government	475,661	524,866
136 Other School Boards		
137 Rent	35,756	29,415
138 Interest	342,812	494,850
139 Travel Advances and Misc.		
<u>Capital</u>		
11 231 Provincial Govt - Construction Grants	453,614	
233 Local Contributions		
234 Other School Boards		252,481
235 Other - Note 10		
	<u>\$1,826,031</u>	<u>\$1,773,219</u>

4. Bank Indebtedness

	<u>1999</u>	<u>1998</u>
21 131 On Operating Credit	\$	\$
132 On Capital Account		
	<u>\$ -</u>	<u>\$ -</u>

AVALON EAST SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

5. Accounts Payable and Accrued Liabilities

	<u>1999</u>	<u>1998</u>
<u>Current</u>		
21 111 Trade Payable	\$ 412,079	\$ 619,037
112 Accrued - Liabilities	647,422	491,404
113 - Interest		
114 - Wages	137,989	120,001
115 Payroll Deductions	178,130	54,626
116 Retail Sales Tax		
117 Deferred Grants	6,434	436,909
118 Other	717,708	222,025
<u>Capital</u>		
21 211 Trade Payable	1,001	251,836
212 Accrued - Liabilities	10,283	40,529
213 - Interest		
217 Deferred Grants		
218 Other		
	<u>\$2,111,046</u>	<u>\$2,236,367</u>

6. Reserve Account

	<u>1999</u>	<u>1998</u>
Balance, Beginning of Period	\$ -	\$ -
Less Transfer from Reserve	<u> </u>	<u> </u>
 Add Transfer to Reserve	 <u> </u>	 <u> </u>
Balance, End of Period	<u>\$ -</u>	<u>\$ -</u>

AVALON EAST SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

7. Investment in Capital Assets

	<u>1999</u>	<u>1998</u>
Investment in Capital Assets, Beginning of Period	\$ 104,465,486	\$ 102,661,435
Add:		
Transfer of Operating Funds to Capital Fund	529,464	869,909
Grants - Contributions for Capital Const.	50,750	68,666
Proceeds from Sale of Capital Assets		
Interest on Capital Fund Investments		
Recoveries of Expenditures		
Insurance Proceeds - Capital		
Native Peoples Grants - Capital		
Miscellaneous		
School contributions	<u>181,770</u>	<u>865,476</u>
	<u>105,227,470</u>	<u>104,465,486</u>
Deduct Adjustments:		
Cost of assets sold	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
Other		
- Government of Newfoundland and Labrador adjustments		
- Adjustment to carrying value of certain fixed assets		
	<u> </u>	<u> </u>
23 221 - Investment in Capital Assets, End of Period	<u>\$ 105,227,470</u>	<u>\$ 104,465,486</u>

8. Employee Benefits Liability

	<u>1999</u>	<u>1998</u>
Pension plan	\$ 25,664	\$ 33,378
Unused pre-1985 sick leave	<u>551,238</u>	<u>646,320</u>
	<u>\$576,902</u>	<u>\$ 679,698</u>

AVALON EAST SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

8. Employee Benefits Liability (Continued)

The Board charges operations with the amount of benefits accruing to employees in each year.

Legislation enacted in 1986 allowed employees who were not previously participating in the pension plan to elect to participate in the plan. As at June 30, 1999, the maximum amount of the Board's potential obligation was \$25,664. The actual obligation will be determined by actual contributions made by the Board's employees.

The Board has an obligation to pay certain employees at the termination of their employment for unused sick leave accumulated prior to January 1, 1985.

9. Lease Commitments

The Board is committed under the terms of various operating leases to make payments in the next five years approximately as follows:

2000	\$ 895,200
2001	\$ 637,000
2002	\$ 266,600
2003	\$ 121,300
2004	\$ 11,400

10. Insurance Subsidy

The cost of insuring school properties is borne by the Provincial Government and no amount has been recorded in these accounts to reflect this cost.

11. Year 2000

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 issue affecting the Board, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

AVALON EAST SCHOOL BOARD

Current Revenues
Year Ended June 30, 1999

	<u>1999</u>	<u>1998</u>
Current Revenues		
32 010 Provincial Government Grants		
011 Regular Operating Grants	\$ 21,084,542	\$ 20,712,472
016 Special Grants		
- French Immersion	109,448	99,668
- Official Language Monitor	95	59,313
- French Language recuperation	-	91,996
- Textbook credit allocation	-	1,280
- Communication Tech	-	-
- Other	-	-
Salaries and Benefits		
017 - Superintendent and Asst. Supts.	247,356	296,703
021 - Regular Teachers	115,869,873	115,380,962
- Teachers' severance	2,400,690	-
022 - Substitute Teachers	-	-
- Student Assistants	3,061,574	2,760,943
030 - Pupil Transportation	5,256,858	5,664,051
031 - Board Owned	-	-
032 - Contracted	-	-
033 - Handicapped	945,378	1,083,301
	<u>148,975,814</u>	<u>146,150,689</u>
33 010 Donations		
012 Cash Receipts	-	-
013 Non Cash Receipts	-	-
014 Restricted Use	-	-
	<u>-</u>	<u>-</u>
34 010 Ancillary Services		
011 Revenues from Rental of Residences	-	-
021 Revenues from Rental of Schools and Facilities (Net)	31,367	25,093
031 Cafeterias	-	-
032 Other	-	-
	<u>31,367</u>	<u>25,093</u>

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AVALON EAST SCHOOL BOARD

Current Revenues
Year Ended June 30, 1999

	<u>1999</u>	<u>1998</u>
35 010 Miscellaneous		
011 Interest on Investments	\$ 246,041	\$ 196,903
012 Bus Charters	-	-
021 Recoveries of Expenditures (Workers' Compensation)	15,849	27,328
031 Revenues from Other School Boards	-	-
051 Insurance Proceeds	-	-
061 Bilingual Education Revenue	-	-
071 Operating Rev. from Native Peoples Grant	-	-
081 Miscellaneous Federal Grants	-	-
091 Textbooks	136,426	182,831
092 Other		
- Summer and night school fees	162,887	161,421
- User pay bussing	35,922	54,165
- Sundry	<u>217,977</u>	<u>328,470</u>
	<u>815,102</u>	<u>951,118</u>
 Total Current Revenues	 <u>\$ 149,822,283</u>	 <u>\$ 147,126,900</u>

AVALON EAST SCHOOL BOARD

Administration Expenditures
Year Ended June 30, 1999

	1999	1998
51 Salaries and Benefits	\$ -	\$ -
011 - Superintendents and Assistant Superintendents	352,149	387,273
012 - Board Office Personnel	1,056,811	1,381,104
013 Office Supplies	29,789	65,697
014 Replacement Furniture and Equipment	-	-
015 Postage	17,161	21,928
016 Telephone	68,777	61,209
017 Office Equipment Rentals and Repairs	70,090	71,143
018 Bank Charges	3,094	3,254
019 Electricity	729	40,532
021 Fuel	1,251	1,925
022 Insurance	89,916	93,421
023 Repairs and Maintenance (Office Building)	341	8,621
024 Travel	25,665	52,262
025 Board Meeting Expenses	57,747	70,985
026 Election Expenses	-	93,390
027 Professional Fees	319,521	288,504
028 Advertising	61,325	70,152
029 Membership Dues	-	-
031 Municipal Service Fees	-	-
032 Rental of Office Space	232,968	232,840
033 Relocation Expenses	-	-
034 Miscellaneous	108,339	43,606
035 Payroll Tax (included with salary costs)	-	-
Total Administration Expenditures	<u>\$ 2,495,673</u>	<u>\$ 2,987,846</u>

Schedule 3

AVALON EAST SCHOOL BOARD

Instruction Expenditures
Year Ended June 30, 1999

		<u>1999</u>	<u>1998</u>
52	10 Instructional Salaries (Gross)		
	11 Teachers' Salaries - Regular	\$ 96,715,321	\$ 96,277,308
	12 - Substitute	3,311,559	3,513,581
	13 - Board Paid	100,773	238,757
	Teachers' Severance	2,400,690	-
	14 Augmentation	99,979	49,441
	15 Employee Benefits	15,521,588	15,034,008
	16 School Secretaries - Salaries & Benefits	2,731,372	2,448,930
	17 Payroll Tax	102,233	62,396
	18 Other - Salaries & Benefits - program asst	306,516	388,138
	Other - Salaries & Benefits - student asst	3,008,324	2,856,513
		<u>124,298,355</u>	<u>120,869,072</u>
52	40 Instructional Materials		
	41 General Supplies	1,109,885	1,076,654
	42 Library Resource Materials	182,471	158,817
	43 Teaching Aids	555,705	444,268
	44 Textbooks	136,434	183,407
		<u>1,984,495</u>	<u>1,863,146</u>
52	60 Instructional Furniture and Equipment		
	61 Replacement	85,150	249,024
	62 Rentals and Repairs	39,634	49,155
		<u>124,784</u>	<u>298,179</u>
50	80 Instructional Staff Travel		
	81 Program Co-ordinators	91,691	67,219
	82 Teachers' Travel	-	-
	83 Inservice and Conferences	135,782	107,991
		<u>227,473</u>	<u>175,210</u>
52	90 Other Instructional Costs		
	91 French Program	-	-
	92 Miscellaneous		
	- Costs relating to Government Grants	-	17,771
	- Other	76,944	72,825
		<u>76,944</u>	<u>90,596</u>
	Total Instruction Expenditures	<u>\$ 126,712,051</u>	<u>\$ 123,296,203</u>

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AVALON EAST SCHOOL BOARD

Operations and Maintenance Expenditures - Schools Year Ended June 30, 1999

		<u>1999</u>	<u>1998</u>
53 011 Salaries - Janitorial	\$ 6,544,447	\$ 6,089,380	
012 - Maintenance	501,411	936,265	
013 Payroll Tax	119,840	-	
014 Electricity	2,794,672	2,868,979	
015 Fuel	491,636	679,718	
016 Municipal Service Fee	141,787	110,733	
017 Telephone	322,841	469,663	
018 Vehicle Operating and Travel	77,155	101,194	
019 Janitorial Supplies	246,826	259,729	
021 Janitorial Equipment	-	-	
022 Repairs and Maintenance - Buildings	1,394,385	1,148,915	
023 - Equipment	24,459	10,540	
024 Contracted Services - Janitorial	-	-	
025 Snow Clearing	406,974	377,122	
026 Rentals	170,685	200,735	
027 Other (Miscellaneous)	133,785	130,495	
	<u>\$ 13,370,903</u>	<u>\$13,383,468</u>	
Total Operations and Maintenance			

AVALON EAST SCHOOL BOARD

Pupil Transportation Expenditures
Year Ended June 30, 1999

		<u>1999</u>	<u>1998</u>
54	010 Operation and Maintenance of Board		
	Owned Fleet	\$ -	\$ -
	011 Salaries and Benefits- Administration		
	012 - Drivers and Mechanics	-	-
	013 Payroll Tax	-	-
	014 Debt Repayment- Interest	-	-
	015 - Principal	-	-
	016 Bank Charges	-	-
	017 Gas and Oil	-	-
	018 Licenses	-	-
	019 Insurance	-	-
	021 Repairs and Maintenance - Fleet	-	-
	022 - Building	-	-
	023 Tires and Tubes	-	-
	024 Heat and Light	-	-
	025 Municipal Service	-	-
	026 Snow Clearing	-	-
	027 Office Supplies	-	-
	028 Rent	-	-
	029 Travel	-	-
	031 Professional Fees	-	-
	032 Miscellaneous	-	-
	033 Telephone	-	-
	034 Vehicle Leases	-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
54	040 Contracted Services		
	041 Regular Transportation	5,334,211	5,682,036
	042 Handicapped	1,103,924	1,349,064
		<u>6,438,135</u>	<u>7,031,100</u>
	Pupil Transportation Expenditures	<u>\$ 6,438,135</u>	<u>\$ 7,031,100</u>

AVALON EAST SCHOOL BOARD

Ancillary Services and Miscellaneous Expenses Year Ended June 30, 1999

Schedule 6

Ancillary Services

The Board owns and operates the following ancillary services:

		<u>1999</u>	<u>1998</u>
55	Ancillary Services		
011	Operation of Teachers' Residences	\$ -	\$ -
031	Cafeterias	-	-
032	Other - Environmental Centre	<u>25,444</u>	<u>124,289</u>
		<u>\$ 25,444</u>	<u>\$ 124,289</u>

Schedule 7

Miscellaneous Expenses

The Board has incurred the following miscellaneous expenses:

57 011	Miscellaneous Expenses	<u>\$ -</u>	<u>\$ -</u>
--------	------------------------	-------------	-------------

AVALON EAST SCHOOL BOARD

Details of Property and Equipment
Year Ended June 30, 1999

	Balance January 1, 1999	Additions	Disposals	Amortization	Balance June 30, 1999
12 210 Land and Sites					
211 Land and Sites	\$ 3,153,195	\$ -	\$ -	\$ -	\$ 3,153,195
12 220 Buildings					
221 Schools	92,880,110	120,852	-	-	93,000,962
222 Administration	924,892	-	-	-	924,892
223 Residential	-	-	-	-	-
224 Recreational	-	-	-	-	-
225 Other	-	-	-	-	-
	93,805,002	120,852	-	-	93,925,854
12 230 Furniture and Equip.					
231 Schools	7,133,597	529,809	-	-	7,663,406
232 Administration	359,792	111,323	-	-	471,115
233 Residential	-	-	-	-	-
234 Recreation	-	-	-	-	-
235 Other	-	-	-	-	-
	7,493,389	641,132	-	-	8,134,521
12 240 Vehicles					
241 Service Vehicles	13,900	-	-	-	13,900
12 250 Pupil Transportation					
251 Land	-	-	-	-	-
252 Building	-	-	-	-	-
253 Vehicles - Buses	-	-	-	-	-
254 - Service	-	-	-	-	-
255 Equipment	-	-	-	-	-
256 Other	-	-	-	-	-
	-	-	-	-	-
12 260 Misc. Capital Assets					
261 Other - Energy retrofit	-	736,606	-	87,691	648,915
Total Property and Equipment	\$ 104,465,486	\$ 1,498,590	\$ -	\$ 87,691	\$ 105,876,385

AVALON EAST SCHOOL BOARD

Details of Long Term Debt
Year Ended June 30, 1999

	1999	1998
	\$	\$
22 210 Loans Other than Pupil Transportation		
Ref. #		
211 Bank Loans		
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Total 211	-	-
212 Mortgages		
Repayable \$ annually, maturing	-	-
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Total 212	-	-
213 Debentures		
Repayable \$ annually, maturing	-	-
Repayable \$ monthly, maturing	-	-
Total 213	-	-
Subtotal	-	-
215 Less Current Maturities	-	-
Total Loans Other Than Pupil Transportation	-	-

Schedule 9 (Cont'd)

AVALON EAST SCHOOL BOARD

Details of Long Term Debt
Year Ended June 30, 1999

	<u>1999</u>	<u>1998</u>
22 220 Loans - Pupil Transportation		
Ref. #		
221 Vehicle Bank Loans		
Repayable \$ _____ monthly, maturing _____	\$ -	\$ -
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Total 221	-	-
222 Land, Buildings and Equipment Bank Loans		
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Total 222	-	-
Subtotal	-	-
223 Less Current Maturities	-	-
Total Loans - Pupil Transportation	-	-
Total Long Term Debt	<u>\$ -</u>	<u>\$ -</u>

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AVALON EAST SCHOOL BOARD

Summary of Long Term Debt
Year Ended June 30, 1999

Description	Ref#	Rate	Balance Beginning of Period	Loans Obtained During Period	Principal Repayment for Period	Balance End of Period
A) School Construction			\$ -	\$ -	\$ -	\$ -
B) Equipment			-	-	-	-
C) Service Vehicles			-	-	-	-
D) Other						
E) Pupil Transportation			-	-	-	-
Total Loans			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

AVALON EAST SCHOOL BOARD

Schedule of Current Maturities
Year Ended June 30, 1999

Description	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
A) School Construction	\$ -	\$ -	\$ -	\$ -	\$ -
B) Equipment	-	-	-	-	-
C) Service Vehicles	-	-	-	-	-
D) Other	-	-	-	-	-
E) Pupil Transportation	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

AVALON EAST SCHOOL BOARD

Schedule of Interest Expense
Year Ended June 30, 1999

		<u>1999</u>	<u>1998</u>
56 010			
	<u>Description</u>		
012	Capital		
	School Construction	\$ -	\$ -
	Equipment	-	-
	Service Vehicles	-	-
	Other		
	Energy Management	<u>-</u>	<u>-</u>
	Total Capital	<u>-</u>	<u>-</u>
013	Current - Operating Loans	-	-
014	- Supplier Interest	-	-
	- Charges	<u>-</u>	<u>-</u>
	Total Current	<u>-</u>	<u>-</u>
	Total Interest Expense	<u>\$ -</u>	<u>\$ -</u>

AVALON EAST SCHOOL BOARD

Supplementary Information Year Ended June 30, 1999

		<u>1999</u>	<u>1998</u>
1.	Cash		
	<u>Current</u>		
11	110 Cash on Hand and in Bank	\$ -	\$ -
	111 Cash on Hand	-	-
	112 Bank - Current	1,175,274	1,738,890
	113 - Savings	-	-
	114 - Teachers' Payroll	(36,221)	(14,519)
	115 - Non Teachers' Payroll	(1,666)	12,411
	116 - Coupon (Debenture)	-	-
	117 - Other (Petty Cash)	700	1,500
		<u>1,138,087</u>	<u>1,738,282</u>
	<u>Capital</u>		
11	210 Cash on Hand and in Bank	-	-
	211 Cash on Hand	-	-
	212 Bank - Current	-	-
	213 - Savings	-	-
	214 - Other	-	-
		<u>-</u>	<u>-</u>
	Total Cash on Hand and in Bank	<u>1,138,087</u>	<u>1,738,282</u>
2.	Short Term Investments		
	<u>Current</u>		
11	121 Term Deposits	-	-
	122 Canada Savings Bonds	-	-
	123 Other		
	- Canada Treasury Bills	2,035,076	1,999,452
	- Mutual Funds	100,000	100,000
	- Balance in Broker account	1,801	969
	- Guaranteed Investment Certificate	4,750	4,751
		<u>-</u>	<u>-</u>
	<u>Capital</u>		
11	221 Term Deposits	-	-
	222 Canada Savings Bonds	-	-
	223 Other	-	-
		<u>-</u>	<u>-</u>
	Total Short Term Investments	<u>\$ 2,141,627</u>	<u>\$ 2,105,172</u>

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AVALON EAST SCHOOL BOARD

Supplementary Information
Year Ended June 30, 1999

		1999	1998
3.	<u>Prepaid Expenses</u>		
	<u>Current</u>		
11 141	Insurance		
	142 Municipal Service Fees	\$ 17,069	\$ 13,658
	143 Supplies	-	-
	144 Other		
	- Equipment Lease	40,017	40,017
	- Workers' Compensation Commission	138,046	146,614
	- Garbage collection	-	1,500
	- Vehicle insurance	4,153	5,970
	- Other	49,035	66,189
		-	-
	<u>Capital</u>		
11 241	Other		
		<u>\$ 248,320</u>	<u>\$ 273,948</u>

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Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member Firm of
Grant Thornton International

Grant Thornton 

**Avalon Health Care
Institutions Board
Operating Fund
Financial Statements**
March 31, 2000

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Auditors' Report

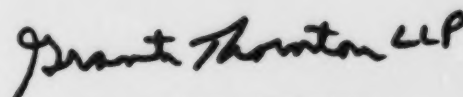
To the Members of the
Avalon Health Care Institutions Board

We have audited the statement of financial position of the Avalon Health Care Institutions Board - Operating Fund as at March 31, 2000, and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board - Operating Fund as at March 31, 2000 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

St. John's, Newfoundland
August 14, 2000



Chartered Accountants

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Avalon Health Care Institutions Board
Operating Fund
Statement of Operations

Year Ended March 31	2000	1999
Revenue		
Provincial plan - department's approved operating budget	\$ 37,510,699	\$ 34,570,997
MCP physician revenue	2,974,357	2,243,482
Resident revenue - long term care	2,439,482	2,393,086
Worker's Compensation recoveries - salaries	752,888	480,586
Department of Health and Community Services - direct payments	324,134	261,056
Dietary recoveries	226,842	209,041
Mortgage interest subsidy	143,548	143,548
Inpatient	138,303	142,533
Outpatient	104,964	121,964
Other	<u>284,751</u>	<u>192,332</u>
	<u>44,899,768</u>	<u>40,758,625</u>
Expenditure		
Nursing inpatient services	19,397,705	17,653,969
Support services	10,766,959	9,966,008
Diagnostic and therapeutic services	5,435,329	4,917,444
Administration	4,970,849	4,290,966
Medical services	3,940,908	2,939,487
Ambulatory care services	2,379,064	2,028,060
Education	3,953	4,458
Undistributed	<u>1,435</u>	<u>44,224</u>
	<u>46,896,202</u>	<u>41,844,616</u>
Deficit prior to non-shareable items	<u>(1,996,434)</u>	<u>(1,085,991)</u>
Non-shareable items		
Amortization of deferred capital equipment grants	449,995	413,700
Depreciation	(449,995)	(413,700)
Accrued vacation expense - increase	(242,281)	(138,847)
Accrued severance expense - increase	<u>(620,525)</u>	<u>(528,325)</u>
	<u>(862,806)</u>	<u>(667,172)</u>
Deficit on operations	<u>\$ (2,859,240)</u>	<u>\$ (1,753,163)</u>

See accompanying notes to the financial statements.

**Avalon Health Care Institutions Board
Operating Fund
Statement of Changes in Net Assets**

Year Ended March 31	2000	1999
Balance, beginning of year, as previously reported	<u>\$(6,942,628)</u>	<u>\$(7,469,352)</u>
Overdraft interest charges (Note 2)	<u>(70,456)</u>	<u>(35,569)</u>
As restated	<u>(7,013,084)</u>	<u>(7,504,921)</u>
Special funding to cover prior years' operating deficits		2,245,000
Deficit on operations	<u>□ (2,859,240)</u>	<u>(1,753,163)</u>
Balance, end of year	<u>\$(9,872,324)</u>	<u>\$(7,013,084)</u>

See accompanying notes to the financial statements.

Avalon Health Care Institutions Board
Operating Fund
Statement of Financial Position

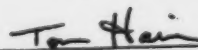
March 31	2000	1999
Assets		
Current		
Receivables (Note 4)	\$ 3,498,210	\$ 4,586,006
Inventories (Note 5)	1,242,369	1,075,844
Prepaid expenses	<u>578,976</u>	<u>482,605</u>
	5,319,555	6,144,455
Capital assets (Note 6)	12,185,843	10,888,242
Restricted use funds (Note 7)	<u>268,364</u>	<u>268,133</u>
	<u>\$ 17,773,762</u>	<u>\$ 17,300,830</u>
Liabilities		
Current		
Bank indebtedness	\$ 4,908,945	\$ 5,005,444
Payables and accruals	1,849,532	1,542,429
Accrued vacation pay	1,701,195	1,458,914
Deferred contributions - operating	1,149,272	622,034
Deferred contributions - capital	458,010	65,425
Due to Board Fund	95,006	53,900
Current portion of accrued severance pay	188,388	129,620
Current portion of long term debt	91,662	72,175
Current portion of obligations under capital leases	<u>192,044</u>	<u>236,138</u>
	10,634,054	9,186,079
Restricted use funds (Note 7)	268,364	268,133
Accrued severance pay	5,033,258	4,471,500
Loans and mortgages payable (Note 8)	5,292,069	4,289,853
Obligations under capital leases (Note 9)	<u>322,345</u>	<u>323,319</u>
	21,550,090	18,538,884
Deferred contributions - unamortized portion of capital grants (Note 10)	<u>6,095,995</u>	<u>5,775,030</u>
	<u>27,646,085</u>	<u>24,313,914</u>
Net Assets (Deficiency)		
Net assets invested in capital assets	191,727	191,727
Deficiency (Note 11)	<u>(10,064,050)</u>	<u>(7,204,811)</u>
	<u>(9,872,323)</u>	<u>(7,013,084)</u>
	<u>\$ 17,773,762</u>	<u>\$ 17,300,830</u>

Contingencies (Note 13)

On behalf of the Board



Member



Member

See accompanying notes to the financial statements.

Grant Thornton 

Avalon Health Care Institutions Board
Operating Fund
Statement of Cash Flows

Year Ended March 31

2000

1999

Increase (decrease) in cash and cash equivalents

Operating		
Deficit on operations	<u>\$(2,859,240)</u>	<u>\$(1,753,163)</u>
Depreciation	<u>449,995</u>	<u>413,700</u>
Amortization of deferred capital grants	<u>(449,995)</u>	<u>(413,700)</u>
	<u>(2,859,240)</u>	<u>(1,753,163)</u>
Change in non-cash operating working capital (Note 12)	<u>2,955,739</u>	<u>(864,343)</u>
	<u>96,499</u>	<u>(2,617,506)</u>
Financing		
Capital grants - Province of Newfoundland	636,862	867,099
Approved borrowing - mortgage financing	37,500	-
Approved borrowing - short term financing	1,056,797	107,166
Approved borrowing - capital leasing	211,909	101,597
Contribution to cover long term debt	78,495	81,000
Repayment of long term debt	(78,495)	(81,000)
Contributions to cover capital leases	256,977	215,808
Repayment of capital leases	<u>(256,977)</u>	<u>(215,808)</u>
	<u>1,943,068</u>	<u>1,075,862</u>
Investing		
Purchase of capital assets	<u>(2,077,166)</u>	<u>(1,171,127)</u>
Transfer from Board Fund for capital purchases	<u>134,098</u>	<u>95,265</u>
Net increase (decrease) in cash and cash equivalents	<u>96,499</u>	<u>(2,617,506)</u>
Cash and cash equivalents		
Beginning of year	<u>(5,005,444)</u>	<u>(2,387,938)</u>
End of year	<u>\$(4,908,945)</u>	<u>\$(5,005,444)</u>

See accompanying notes to the financial statements.

Avalon Health Care Institutions Board Operating Fund Notes to the Financial Statements

March 31, 2000

1. Nature of operations

The Avalon Health Care Institutions Board assumed the assets and liabilities of the Trinity-Conception Regional Health Board, the Placentia and Area Health Care Board, the Conception Trinity Inter-Faith Citizens' Foundation, and the Medical Clinics Association effective April 1, 1995.

These financial statements reflect on a combined basis, the assets, liabilities, net assets, revenues and expenditures of the predecessor entities.

2. Change in method of accounting

During the year the Board changed its method of accounting for overdraft charges. Previously the Board charged net overdraft charges on its current bank accounts to the Board Fund. As these charges relate to the Operating Fund, expenses in the amount of \$34,887 for 1999 (1998 - \$35,569) have transferred from the Board Fund to the Operating Fund thereby increasing the Operating Fund's deficit to March 31, 1999 by \$70,456. The financial statements and comparatives for 1999 have been restated to reflect this retroactive change.

3. Summary of significant accounting policies

Inventories

Inventory of drugs, medical and surgical supplies are valued at cost, determined on the first-in first-out basis.

Capital assets

Capital assets are recorded at cost, with the exception of the buildings occupied as Carbonear General Hospital, the Harbour Lodge Nursing Home, Dr. A. A. Wilkinson Memorial Hospital and Dr. Wm. H. Newhook Community Health Centre which are not recorded as assets of the Board.

Capital grants and assistance

Government grants relating to the acquisition of capital assets are recorded as deferred contributions and amortized on the same basis as the related asset is depreciated.

Avalon Health Care Institutions Board
Operating Fund
Notes to the Financial Statements

March 31, 2000

3. Summary of significant accounting policies (cont'd.)

Depreciation

Rates of depreciation applied on the diminishing balance method to write off the cost of capital assets over their estimated useful lives are as follows:

Land improvements	10%
Buildings	2.5%
Residences	10%
Equipment	6.66%
Vehicles	20%

Depreciation is provided on property and equipment purchased from loans and capital leases at a rate equal to the annual principal reduction of the loans and capital leases.

Revenue on operating assets

Revenue earned on operating assets of the Board are reflected in the separate financial statements of the Board Fund.

Pension costs

Employees of the Board are covered by the Public Service Pension Plan and the Government Money Purchase Pension Plan administered by the Province of Newfoundland. Contributions to the plans are required from both the employees and the Board. The annual contributions for pensions are recognized in the accounts on a current basis.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continual service, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Board.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks. Bank borrowings are considered to be financing activities.

4. Receivables	<u>2000</u>	<u>1999</u>
Provincial plan	\$ 3,041,718	\$ 4,023,451
Services to patients	152,769	216,660
Other	<u>303,723</u>	<u>345,895</u>
	<u>\$ 3,498,210</u>	<u>\$ 4,586,006</u>

**Avalon Health Care Institutions Board
Operating Fund
Notes to the Financial Statements**

March 31, 2000

5. Inventories	<u>2000</u>	<u>1999</u>
Drugs	\$ 447,774	\$ 382,933
Medical and surgical supplies	364,740	273,711
Linen supplies	166,622	168,976
Laboratory supplies	146,372	167,331
Radiology supplies	37,979	27,210
Food supplies	14,564	18,075
General supplies	64,318	37,608
	<u>\$ 1,242,369</u>	<u>\$ 1,075,844</u>

6. Capital assets	<u>2000</u>		<u>1999</u>	
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land and improvements	\$ 196,037	\$ 3,590	\$ 192,447	\$ 192,527
Buildings	5,428,389	1,115,622	4,312,767	4,345,335
Residences	218,811	177,520	41,291	47,259
Equipment	13,271,580	6,933,475	6,338,105	6,123,840
Vehicles	398,927	261,657	137,270	72,115
Construction in progress	1,163,963		1,163,963	107,166
	<u>\$ 20,677,707</u>	<u>\$ 8,491,864</u>	<u>\$ 12,185,843</u>	<u>\$ 10,888,242</u>

7. Restricted use funds

The chief executive officer of the Board, on a voluntary basis, administers certain personal funds held in trust for residents. These funds do not form part of the assets of the Board and accordingly a corresponding liability is recorded representing the amount of funds held by the nursing homes.

Avalon Health Care Institutions Board Operating Fund

Notes to the Financial Statements

March 31, 2000

8. Loans and mortgages payable	<u>2000</u>	<u>1999</u>
7.47% Newfoundland and Labrador Housing Corporation mortgage, payable in monthly instalments of \$24,380 including interest. The mortgage matures in 2020 and is secured by land and building.	\$ 3,109,385	\$ 3,170,177
Canadian Imperial Bank of Commerce's prime lending rate less 62.5 basis points interim borrowing for the construction of a new health care facility at Old Perican. This borrowing has been approved by the Department of Health and Community Services and will be replaced by long term borrowing during the current year when the construction of the new facility is complete.	1,163,963	
10% Newfoundland and Labrador Housing Corporation mortgage, payable in monthly instalments of \$8,955 including interest. The mortgage matures in 2028 and is secured by land and building.	1,031,592	1,037,426
7.2% Canadian Imperial Bank of Commerce mortgage, payable in weekly instalments of \$173 including interest. The mortgage matures in 2005 and is secured by land and building.	41,291	47,259
8% Canadian Imperial Bank of Commerce demand loan payable in monthly instalments of \$760.35 including interest. The loan matures in March 2005.	37,500	
Interim borrowing from operating fund bank account, repaid during the year.		<u>107,166</u>
	5,383,731	4,362,028
Less: current portion	<u>91,662</u>	<u>72,175</u>
	<u>\$ 5,292,069</u>	<u>\$ 4,289,853</u>

Principal payments required during the next five years are as follows: 2001 - \$91,662; 2002 - \$109,270; 2003 - \$118,999; 2004 - \$127,168; and 2005 - \$139,155.

Avalon Health Care Institutions Board
Operating Fund
Notes to the Financial Statements
 March 31, 2000

8. Loans and mortgages payable (cont'd.)

Canada Mortgage and Housing Corporation - Interest subsidy

The Avalon Health Care Institutions Board has received federal assistance from Canada Mortgage and Housing Corporation through Newfoundland and Labrador Housing Corporation pursuant to Section 56.1 of the National Housing Act (now administered by Newfoundland and Labrador Housing Corporation) to reduce mortgage interest on the Lions Manor mortgage, a 7.47% Newfoundland and Labrador Housing Corporation mortgage payable in monthly instalments of \$24,380 including interest, to 2%. The amount of assistance received in 2000 was \$123,475 which reduced interest on the mortgage to an effective rate of 2%.

The Avalon Health Care Institutions Board has received federal assistance through the Canada Mortgage and Housing Corporation pursuant to Section 27 of the National Housing Act. The purpose of the assistance is to reduce mortgage interest on the Inter Faith Citizens Home mortgage, a 10% Newfoundland and Labrador Housing Corporation mortgage payable in monthly instalments of \$8,955 including interest, to 8% in order to provide housing to low income individuals. The amount of assistance received in 2000 was \$20,073 (1999 - \$20,073).

9. Obligations under capital leases	<u>2000</u>	<u>1999</u>
7.68% Royal Bank of Canada leasing loan, repayable in monthly instalments of \$3,199, maturing in 2005.	\$ 147,933	
6.34% Royal Bank of Canada leasing loan, repayable in monthly instalments of \$5,659, maturing in 2003.	144,131	\$ 285,790
6.47% Royal Bank of Canada leasing loan, repayable in monthly instalments of \$1,616, maturing in 2004.	53,931	68,403
7.71% Royal Bank of Canada leasing loan, repayable in monthly instalments of \$312 with an annual cash payment of \$9,200 due each September over the next four years, maturing in 2005.	43,137	
7.73% Royal Bank of Canada leasing loan, repayable in monthly instalments of \$3,350, maturing in 2001.	36,641	70,606
5.72% Royal Bank of Canada leasing loan, repayable in monthly instalments of \$1,433, maturing in 2002.	28,371	42,654
7.53% Newcourt Financial Limited leasing loan, repayable in monthly instalments of \$948, maturing in 2003.	21,551	30,391

**Avalon Health Care Institutions Board
Operating Fund
Notes to the Financial Statements**

March 31, 2000

9. Obligations under capital leases (cont'd.)	<u>2000</u>	<u>1999</u>
8.66% Royal Bank of Canada leasing loan, repayable in monthly instalments of \$1,592, maturing in 2002.	20,077	35,773
7.10% Royal Bank of Canada leasing loan, repayable in monthly instalments of \$478, maturing in 2004.	18,617	22,610
5.57% Royal Bank of Canada leasing loan, repaid during the year.		<u>3,230</u>
	<u>514,389</u>	<u>559,457</u>
Less: current portion	<u>192,044</u>	<u>236,138</u>
	<u>\$ 322,345</u>	<u>\$ 323,319</u>

The capital leases are secured by specific equipment.

The payments required during the next five years are as follows:

2001	-	\$ 223,886
2002	-	168,562
2003	-	104,256
2004	-	60,487
2005	-	<u>21,858</u>
		579,049
Less amount representing interest		<u>64,660</u>
		<u>\$ 514,389</u>

10. Deferred contributions

Capital grants received by the Board are deferred and amortized on a declining balance method consistent with the depreciation rate for the related asset purchased. The changes in the deferred capital grants balance for the year are as follows:

	<u>2000</u>	<u>1999</u>
Balance, beginning of year	\$ 5,775,030	\$ 5,226,365
Capital grants	770,960	962,365
Amortization for the year	<u>(449,995)</u>	<u>(413,700)</u>
Balance, end of year	<u>\$ 6,095,995</u>	<u>\$ 5,775,030</u>

Avalon Health Care Institutions Board Operating Fund

Notes to the Financial Statements

March 31, 2000

11. Deficiency	2000	1999
Accrued vacation pay	\$ (1,701,195)	\$(1,458,914)
Accrued severance pay	(5,221,646)	(4,601,120)
Accumulated operating deficit	<u>(3,141,209)</u>	<u>(1,144,777)</u>
	<u>\$ (10,064,050)</u>	<u>\$(7,204,811)</u>

12. Supplemental cash flow information	2000	1999
Change in non-cash operating working capital		
Receivables	\$ 1,087,796	\$(1,312,078)
Inventories	(166,525)	(88,039)
Prepaid expenses	(96,371)	(76,805)
Payables and accruals	307,103	(341,758)
Accrued vacation pay	242,281	138,847
Accrued severance pay	620,526	528,325
Deferred contributions - operating	527,238	472,866
Deferred contributions - capital	392,585	(139,001)
Due to(from) Board Fund	<u>41,106</u>	<u>(46,700)</u>
	<u>\$ 2,955,739</u>	<u>\$ (864,343)</u>
Interest paid	<u>\$ 369,402</u>	<u>\$ 381,725</u>

13. Contingencies

- The amounts receivable from the Province of Newfoundland under the insured services plan are subject to final approval and acceptance from the Financial Services Division of the Department of Health and Community Services.
- During 1999 the Board was audited by Canada Customs and Revenue Agency. The scope of this audit was to determine whether locum physicians were employees of the Board when providing locum coverage or were self-employed physicians contracting their services to the Board for a fee. If it is determined they are employees the Board would be responsible for the employee and employer's share of Canada Pension and Employment Insurance premiums retroactive to 1997.

As of March 31, 2000 the Board has been assessed the amount of \$106,827, including interest. As an objection to the 1997, 1998 and 1999 Notices of Assessment has been filed with Canada Customs and Revenue Agency, the Board has made no provision in its accounts for this amount.

Avalon Health Care Institutions Board
Operating Fund
Notes to the Financial Statements

March 31, 2000

13. Contingencies (cont'd.)

- c) As of March 31, 2000 there were a number of claims against the Board in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Board with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

14. Comparative figures

Certain of the 1999 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2000.

**AVALON WEST SCHOOL DISTRICT
AUDITORS' REPORT AND FINANCIAL STATEMENTS**

JUNE 30, 1999

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PARTNERS:

Byron Smith, C.A.

Kevin King, C.A.

AUDITORS' REPORT

TO THE BOARD OF AVALON WEST SCHOOL DISTRICT

We have audited the balance sheet of the Avalon West School District as at June 30, 1999 and the statement of revenue, expenditures and district equity and statement of changes in capital fund for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation.

The District placed claims with the Department of Education for capital grants in the amount of \$993,655. During the year the District received \$254,500 and subsequent to year-end the District received \$119,350. The unreceived amounts have not been recorded in the accounts. We were unable to confirm or verify the claims for capital grants. Accordingly, we were not able to determine whether any adjustments might be necessary to accounts receivable, capital funds grants and district deficit.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves with respect to the balance of accounts receivable as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the District as at June 30, 1999 and the results of its operations and the changes in its capital financial position for the year then ended in accordance with generally accepted accounting principles as explained in note 1 to the financial statements, and are in compliance with reporting requirements established for school districts in the province of Newfoundland and Labrador by the Department of Education.

As required by section 17 of The Schools' Act, we report that bonding insurance is adequate for the employees covered.

Spaniard's Bay, Newfoundland
November 23, 1999

Smith, King
CHARTERED ACCOUNTANTS



**AVALON WEST SCHOOL DISTRICT
BALANCE SHEET
FOR THE YEAR ENDED JUNE 30,**

	1999	1998
Assets		
Current		
Cash (Supp. Info. 1)	\$ 404,379	\$ 25,224
Short Term Investments (Supp. Info. 2)	566,000	500,000
Accounts Receivable (Note 2)	626,495	740,766
Prepaid Expenses (Supp. Info 3)	<u>93,548</u>	<u>156,832</u>
Total Current Assets	1,690,422	1,422,822
Property and Equipment (Sch.8)	<u>74,965,870</u>	<u>73,372,435</u>
	<u>\$ 76,656,292</u>	<u>\$ 74,795,257</u>
Liabilities and District Equity		
Current		
Current Portion of Long-Term Debt (Sch.9)	\$ 1,288,303	\$ 33,151
Accounts Payable and Accrued Liabilities (Note 4)	<u>1,288,303</u>	<u>834,801</u>
Total Current Liabilities	<u>1,288,303</u>	<u>867,952</u>
Accrued Severance Pay - Support Staff	587,393	617,654
Accrued Severance Pay - Teachers (Note 10)	10,003,290	9,904,335
Long-Term Debt (Schedule 9)	<u>10,590,683</u>	<u>10,521,989</u>
District Equity		
Investment in Capital Assets (Note 6)	74,965,870	73,322,847
Reserve Account (Note 5)	19,608	30,662
District Deficit	<u>(10,208,172)</u>	<u>(9,948,193)</u>
Total District Equity	<u>64,777,306</u>	<u>63,405,316</u>
	<u>\$ 76,656,292</u>	<u>\$ 74,795,257</u>

Approved:

Calvin Burt

Chairperson

Gary Barker

Secretary/Treasurer

See Accompanying Notes

**AVALON WEST SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND DISTRICT EQUITY
FOR THE YEAR ENDED JUNE 30,**

	1999	1998
Current Revenues (Schedule 1)		
Provincial Government Grants	\$ 59,901,996	\$ 59,769,612
Donations	525	50
Ancillary Services		131
Miscellaneous	<u>830,941</u>	<u>731,448</u>
	<u>60,733,462</u>	<u>60,501,241</u>
Current Expenditures		
Administrative Expenditures (Schedule 2)	1,915,673	1,896,434
Instruction Expenditures (Schedule 3)	49,184,402	48,274,862
Operations and Maintenance (Schedule 4)	4,525,253	5,180,024
Public Transportation Expenditures (Schedule 5)	3,941,307	3,995,903
Ancillary Services and Miscellaneous Expenses (Schedule 6)	41,376	33,210
Interest Expense (Schedule 9C)		7,362
Miscellaneous Expense (Schedule 7)	<u></u>	<u></u>
	<u>59,608,011</u>	<u>59,387,795</u>
Excess of Revenue over Expenditures	1,125,451	1,113,446
Transfer to Capital	<u>(1,374,376)</u>	<u>(1,108,554)</u>
Net (decrease) increase in District Deficit	\$ <u>(248,925)</u>	\$ <u>4,892</u>
District Deficit, Beginning of Year		
	\$ (9,948,193)	\$ (10,247,423)
Net (decrease) increase in District Deficit	(248,925)	4,892
Less: Transferred from Reserve Account	<u>11,054</u>	<u>294,338</u>
District Deficit, End of Year	\$ <u>(10,208,172)</u>	\$ <u>(9,948,193)</u>

See Accompanying Notes

**AVALON WEST SCHOOL DISTRICT
STATEMENT OF CHANGES IN CAPITAL FUND
FOR THE YEAR ENDED JUNE 30,**

1999

1998

70	Capital Receipts		
71	Proceeds from Bank Loans		
	011 - School Construction		
	012 - Equipment		
	013 - Service Vehicles		
	014 - Public Transportation		
72	Provincial Grants		
	011 - School Construction and Equipment	\$ 373,849	\$ 299,500
73	Donations		
	011 - Cash Receipts		
	012 - Non-Cash Receipts		50
	013 - Restricted Use		50
74	Sale of Capital Assets - Proceeds		
	011 - Land	2,500	16,692
	012 - Buildings		1,500
	013 - Equipment		710
	014 - Service Vehicles	905	
	015 - Public Transportation Vehicles	3,550	
		6,955	18,902
75	Other Capital Revenues		
	011 - Interest on Capital Fund Investments		
	012 - Premiums on Debentures		
	013 - Recoveries of Expenditures	2,744	6,402
	015 - Insurance Proceeds		
	016 - Native Peoples Grants		
	017 - Miscellaneous (Specify):		
	Parish Contributions		
		2,744	6,402
	Total Capital Receipts	383,548	324,854
77	Transfer from Reserve Account	11,054	294,338
78	Transfer to / from Current Fund	1,374,376	1,108,554
	Total	\$ 1,768,978	\$ 1,727,746

See Accompanying Notes

**AVALON WEST SCHOOL DISTRICT
STATEMENT OF CHANGES IN CAPITAL FUND(CONT'D)
FOR THE YEAR ENDED JUNE 30,**

	1999	1998
80 <u>Capital Disbursements</u>		
81 <u>Additions to Property and Equipment</u>		
011 - Land and Sites	\$ 243,893	\$ 52,885
012 - Buildings	949,417	217,824
013 - Furniture and Equipment - School	311,083	903,717
014 - Furniture and Equipment - Other	172,614	
015 - Service Vehicle	31,327	21,658
016 - Pupil Transportation		
017 - Other (Specify)		
	<u>1,708,334</u>	<u>1,196,084</u>
82 <u>Principal Repayment of Long Term debt</u>		
011 - School Construction	33,151	220,945
012 - Equipment		
013 - Service Vehicle		
014 - Other (Specify)		
	<u>33,151</u>	<u>220,945</u>
83 <u>Miscellaneous Disbursements</u>		
013 - Other (Specify)		
Changes in		
Cash	46,340	645,716
Short Term Investment		(397,153)
Receivable	(102,407)	209,767
Bank Indebtedness		12,565
Payables and Accruals	<u>83,560</u>	<u>(160,178)</u>
	<u>27,493</u>	<u>310,717</u>
Total Capital Disbursements	\$ <u>1,768,978</u>	\$ <u>1,727,746</u>

See Accompanying Notes

**AVALON WEST SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

1. Significant Accounting Policies

(a) Fund Accounting

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Districts. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary in School Districts to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the District, relating to their use of fund accounting is as follows:

- i) Grants received by the District are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the EIC (Education Investment Corporation) are recorded as capital revenues. Also amounts paid to construction companies from the EIC on behalf of the District for capital projects are treated as capital revenues.
- ii) Capital accounts disclose the original cost of providing a fully equipped operating property. Subsequent additions are only capitalized if they represent items of a major nature. Replacement items such as furniture and equipment are items of expense.
- iii) The District does not calculate or record depreciation on any of its fixed assets.
- iv) Principal repayment of Pupil Transportation Loans are recorded as Current Expenditures. All other principal repayment of bank loans are recorded as Capital Expenditures.
- v) In accordance with a directive issued by the Department of Education the annual excess of expenditures over receipts or receipts over expenditures in the capital fund is to be recovered / transferred, from / to the operating fund.

(b) Severance and vacation pay

i) Teachers

The Board accrues a liability for teachers' severance pay. Prior to 1998, the Board did not account for teachers' severance pay. The requirement to accrue this liability for teachers' severance pay has been prescribed by the Department of Education beginning with 1997 and 1998 fiscal years. The Department of Education funds these payments directly to the teachers.

ii) Other

The district follows the policy of accounting for vacation and severance pay on an accrual basis.

**AVALON WEST SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,**

1999

1998

2. Accounts Receivable

Current

11	131	Provincial Government		
	132	Transportation	\$ 42,280	\$ 156,913
	133	Federal Government	49,454	19,731
	134	CEIC Claims		63,240
	135	Other Provincial	100,610	143,264
	136	Other School Boards		
	137	Rent		
	138	Interest	10,636	
	139	Travel Advances and Miscellaneous	98,192	125,742
	140	Goods and Service Tax Rebate	205,973	214,933
	141	Expense Recoveries		

Capital

11	231	Provincial -Construction Grants	119,350	16,943
	233	Local Contributions		
	234	Other School Boards		
	235	Other (Specify)		
			<u>\$ 626,495</u>	<u>\$ 740,766</u>

3. Bank Indebtedness

21	131	On Operating Costs	\$	\$
	132	On Capital Account		
			<u>\$</u>	<u>\$</u>

**AVALON WEST SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,**

1999

1998

4. Accounts Payable and Accrued Liabilities

Current

21	111 Trade Payable	\$	830,671	\$	499,881
	112 Accrued - Liabilities		63,595		58,048
	113 - Interest				
	114 - Wages		166,644		89,970
	115 Payroll Deductions		13,806		27,964
	116 Retail Sales Tax				
	117 Deferred Grants		11,451		55,897
	118 Other (Specify):				
	- Vacation Pay				
	- Schools				
	- Appropriated funds		102,118		86,583
121	Other				

Capital

21	211 Trade Payable		78,596		11,458
	212 Accrued - Liabilities		21,422		5,000
	- Interest				
	217 Deferred Grants				
	218 Other (Specify):				
		\$	<u>1,288,303</u>	\$	<u>834,801</u>

5. Reserve Account

Description:

Reserve of insurance receipts held for capital expenditure.

	1999	1998
Balance, Beginning of Year	\$ 30,662	\$ 325,000
Less: Transfer from Reserve	<u>11,054</u>	<u>294,338</u>
	19,608	30,662
Add: Transfer from Reserve	<u></u>	<u></u>
Balance, End of Year	\$ <u>19,608</u>	\$ <u>30,662</u>

**AVALON WEST SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,**

1999

1998

6. Investment in Capital Assets

Investment in Capital Assets, Beginning of Year	\$ 73,322,847	\$ 72,179,012
Add:		
Transfer of Operating Funds to Capital Funds	1,374,376	1,108,554
Grants - Provincial Government Grants	373,849	9,977
Donations - (Specify)		
Proceeds from Sale of Capital Assets		
- Land	2,500	
- Building		16,692
- Equipment		1,500
- Vehicle	905	710
- Other	3,550	
Interest on Capital Fund Investments		
Recoveries of Expenditures	2,744	6,402
Insurance Proceeds - Capital		
Native Peoples Grants - Capital		
Miscellaneous (Specify)		
Parish contributions		
Local contributions		
	<u>75,080,771</u>	<u>73,322,847</u>
Deduct Adjustments:		
Cost of assets sold		
- Land		
- Building	114,901	
- Equipment		
- Vehicles		
- Other		
	<u>114,901</u>	
Transfer of investment funds		
From (to) Capital Reserve Account		
Other		
23 221 Investment in Capital Assets, End of Year	\$ <u>74,965,870</u>	\$ <u>73,322,847</u>

**AVALON WEST SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

7. Commitments

At balance sheet date the District had the following commitments:

Sell the land in Cupids and the proceeds to be used in the Brigus / North River School System.

The District has entered into a contract with IBM Canada to lease 52 laptop computers for a period of 42 months at a monthly cost of \$ 6,081. The lease expires in December 2002.

8. Uncertainty due to the Year 2000 issue

The Year 2000 issue arises because many computer systems use two digits rather than four to identify a year. Date sensitive systems may recognize the Year 2000 as 1900 or some other date, resulting in errors when information using Year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

9. Comparative Figures

Certain of the comparative figures have been reclassified to conform with the current years presentation.

**AVALON WEST SCHOOL DISTRICT
CURRENT REVENUE
FOR THE YEAR ENDED JUNE 30,**

		1999	1998
32	010 - Provincial Government Grant		
	011 - Regular Operating Grants	\$ 9,835,788	\$ 9,319,903
	016 - Special Grants (Details on bottom of Sch. 1)	213,132	490,997
	Salaries and Benefits		
	017 - Superintendent and Asst. Superintendents	303,909	398,142
	021 - Regular Teachers	43,817,153	42,271,268
	022 - Substitute Teachers	1,799,133	3,330,144
	030 - Pupil Transportation		
	031 - Board Owned		
	032 - Contracted	3,534,745	3,560,584
	033 - Handicapped	<u>398,136</u>	<u>398,574</u>
		<u>59,901,996</u>	<u>59,769,612</u>
33	010 - Donations		
	012 - Cash Receipts		
	013 - Non Cash Receipts		
	014 - Restricted Use	<u>525</u>	<u>50</u>
		<u>525</u>	<u>50</u>
34	010 - Ancillary Service		
	011 - Revenues from Rental of Residences		
	021 - Revenues from Rental of Schools and Facilities (Net)		131
	031 - Cafeterias		
	032 - Other (Specify)		
			<u>131</u>

**AVALON WEST SCHOOL DISTRICT
CURRENT REVENUE
FOR THE YEAR ENDED JUNE 30,**

	1999	1998
35 010 - Miscellaneous		
011 - Interest on Investments	\$ 52,819	\$ 43,807
012 - Bus Charters		
021 - Recoveries of Expenditures	660,717	548,266
031 - Revenue from Other School Board		
051 - Insurance proceeds	21,538	
061 - Bilingual Education Revenue		
071 - Operating Rev. from Native Peoples Grant		
081 - Miscellaneous Federal Grants:		
- Co-op Education		
- Human Resource Development Agreement		
- Special Projects		
091 - Textbooks	69,954	66,760
092 - Sundry	<u>25,913</u>	<u>72,615</u>
	<u>830,941</u>	<u>731,448</u>
Total Current Revenue	\$ <u>60,733,462</u>	\$ <u>60,501,241</u>
Special Grants		
French Monitor		
French Co-ordinator		
French Immersion		
French Materials		
French Language		\$ 11,780
School Board Election Grant		153,912
Alternate Text		
Textbook Credit Allocation		
Other (Specify):	\$ 60,000	
Pupil Retention		
Enterprise Ed		
Transportation Adjustment		
Non-gradedness in School Grant		
Administration Grant	10,832	12,565
Computer Grant		297,500
Workforce Reduction	142,300	12,240
Tutoring Fund	<u> </u>	<u>3,000</u>
	\$ <u>213,132</u>	\$ <u>490,997</u>

**AVALON WEST SCHOOL DISTRICT
ADMINISTRATIVE EXPENDITURES
FOR THE YEAR ENDED JUNE 30,**

	1999	1998
51 Salaries and Benefits		
011 - Superintendents, Assistant Superintendents	\$ 428,839	\$ 436,393
012 - Board Personnel	632,973	593,881
013 - Office Supplies	76,856	82,476
014 - Replacement Furniture and Equipment	45,272	40,983
015 - Postage	16,281	13,937
016 - Telephone	64,565	64,856
017 - Office Equipment Rental and Repairs	33,799	33,314
018 - Bank Charges	7,826	9,289
019 - Electricity	35,068	37,423
021 - Fuel	7,523	1,834
022 - Insurance		
023 - Repairs and Maintenance (Office Building)	88,524	65,605
024 - Travel	163,740	112,622
025 - Board Meeting Expenses	38,180	38,497
026 - Election Expense		69,366
027 - Professional Fees	75,109	112,795
028 - Advertising	50,082	44,191
029 - Membership Dues	54,881	55,523
031 - Municipal Service Fees	6,056	3,280
032 - Rental of Office Space		
033 - Relocation Expense		
034 - Miscellaneous	21,269	20,397
035 - Payroll Tax	<u>68,830</u>	<u>59,772</u>
	<u>\$ 1,915,673</u>	<u>\$ 1,896,434</u>

**AVALON WEST SCHOOL DISTRICT
INSTRUCTION EXPENDITURES
FOR THE YEAR ENDED JUNE 30,**

	1999	1998
52 010 - Instructional Salaries (Gross)		
011 - Teachers' Salaries - Regular	\$ 36,555,793	\$ 36,471,933
012 - - Substitute	1,500,983	2,923,822
013 - - Board Paid	203,630	15,075
- Summer School	34,403	27,537
- Student Assistant	880,574	726,550
014 - Severance (recovery)	98,952	(250,349)
015 - Employee Benefits	6,957,621	5,481,329
016 - School Secretaries	658,523	690,412
017 - Payroll Tax	783,604	788,276
018 - Other - Co-operative Education	283,527	246,057
	<u>47,957,610</u>	<u>47,120,642</u>
52 040 - Instructional Materials		
041 - General Supplies	91,194	145,678
042 - Library Resource Materials		
043 - Teaching Aids	737,606	510,136
044 - Textbooks	69,954	66,760
045 - Other - Special and Regional Services	46,060	45,638
	<u>944,814</u>	<u>768,212</u>
52 060 - Instructional Furniture and Equipment		
061 - Replacement	45,808	87,305
062 - Rentals and Repairs	24,470	53,761
	<u>70,278</u>	<u>141,066</u>
52 080 - Instructional Staff Travel		
081 - Program Co-ordinator	80,017	97,571
082 - Teachers' Travel	31,271	31,255
083 - Inservice and Conferences	46,322	36,349
	<u>157,610</u>	<u>165,175</u>
52 090 - Other Instructional Costs		
091 - Postage and Stationery	28,691	22,510
092 - Miscellaneous (Special Projects)	25,399	57,257
	<u>54,090</u>	<u>79,767</u>
Total Instruction Expenditures	<u>\$ 49,184,402</u>	<u>\$ 48,274,862</u>

Schedule 4

**AVALON WEST SCHOOL DISTRICT
OPERATIONS AND MAINTENANCE
FOR THE YEAR ENDED JUNE 30,**

	1999	1998
53 012 - Salaries and Benefits	\$ 1,908,399	\$ 2,208,655
013 - Payroll Tax	41,028	44,381
014 - Electricity	1,291,681	1,411,894
015 - Fuel	95,006	132,833
016 - Municipal service Fees	57,345	53,854
017 - Telephone	310,153	338,954
018 - Vehicle Operation and Travel	33,729	42,200
019 - Janitorial Supplies	169,598	184,911
021 - Janitorial Equipment	1,985	13,744
022 - Repairs and Maintenance		
- Building	208,828	190,706
- Equipment	291,311	387,545
- Other	9,520	61,643
025 - Snow Clearing	64,545	79,374
026 - Rentals	109	
027 - Other - Moving Expenses	42,016	63,330
	<u>\$ 4,525,253</u>	<u>\$ 5,214,024</u>

**AVALON WEST SCHOOL DISTRICT
PUPIL TRANSPORTATION EXPENDITURES
FOR THE YEAR ENDED JUNE 30,**

1999

1998

54	010 Operation and Maintenance of Board Owned Fleet		
	Salaries and Benefits		
	011 - Administration	\$ 874	\$ 578
	012 - Drivers and Mechanics		
	013 Payroll Tax		
	014 Debt Repayment - Interest		
	015 - Principal		
	016 Bank Charges		
	017 Gas and Oil		
	018 Licenses		
	019 Insurance		
	021 Repairs and Maintenance		
	- Fleet	1,434	
	- Building		
	023 Tires and Tubes		
	024 Heat and Light		
	025 Municipal Service		
	026 Snow Clearing		
	027 Office Supplies		
	028 Rent		
	029 Travel		
	031 Professional Fees	237	196
	032 Miscellaneous		
	033 Telephone		
	034 Vehicle Leases		
		<u>2,545</u>	<u>774</u>
	040 Contracted Services		
	041 Regular Transportation	3,541,134	3,562,555
	042 Handicapped	<u>397,628</u>	<u>398,574</u>
		<u>3,938,762</u>	<u>3,961,129</u>
		<u>\$ 3,941,307</u>	<u>\$ 3,961,903</u>

Schedule 6

**AVALON WEST SCHOOL DISTRICT
 ANCILLARY SERVICES AND MISCELLANEOUS EXPENSES
 FOR THE YEAR ENDED JUNE 30,**

1999

1998

Ancillary Services

The Board owns and operates the following ancillary services:

None

55	Ancillary Services		
	011 - Operation of Teachers' Residences		
	031 - Cafeterias		
	032 - Other (Specify)		
	- Vehicle operating	\$ 41,376	\$ 33,210
	- Freight and Delivery Expenses		
		<u>\$ 41,376</u>	<u>\$ 33,210</u>

Schedule 7

Miscellaneous Expense (Specify)

The Board has incurred the following miscellaneous expenses:

None

57 011 - Miscellaneous Expenses (Specify)

**AVALON WEST SCHOOL DISTRICT
DETAILS OF PROPERTY AND EQUIPMENT
FOR THE YEAR ENDED JUNE 30,**

		Balance June 30, 1998	Additions	Disposals	Balance June 30, 1999
12	210 Land and Sites				
	211 Land and Sites	\$ 1,132,872	\$ 243,893		\$ 1,376,765
12	220 Buildings				
	221 Schools	60,111,318	949,417	\$ 114,899	60,945,836
	222 Administration	877,193			877,193
	223 Residential				
	224 Recreational				
	225 Other (Specify)				
		<u>60,988,511</u>	<u>949,417</u>	<u>114,899</u>	<u>61,823,029</u>
12	230 Furniture and Equipment				
	231 Schools	9,904,276	311,083		10,215,359
	232 Administration	1,260,985	172,614		1,433,599
	234 Recreational				
	235 Other				
	- Accum. Depreciation				
		<u>11,165,261</u>	<u>483,697</u>		<u>11,648,958</u>
12	240 Vehicles				
	241 Service Vehicles	85,791	31,327		117,118
	242 Other				
	- Accum. Depreciation				
		<u>85,791</u>	<u>31,327</u>		<u>117,118</u>
12	250 Pupil Transportation				
	251 Land				
	252 Building				
	253 Vehicles				
	-Buses				
	254 -Service				
	255 Equipment				
	256 Other				
	(Specify)				
12	260 Misc. Capital Assets				
	261 Other (Specify)				
	Total Property and Equipment	\$ 73,372,435	\$ 1,708,334	\$ 114,899	\$ 74,965,870

**AVALON WEST SCHOOL DISTRICT
 DETAILS OF LONG-TERM DEBT
 FOR THE YEAR ENDED JUNE 30,**

1999

1998

 Bank loans, mortgage and debentures, approved by the
 Board and the Government of Newfoundland & Labrador
22 210 Loans Other than Public Transportation

Ref.# 6013-521

211 Bank loans

_____	Repayable \$ _____	monthly, maturing _____
_____	Repayable \$ _____	monthly, maturing _____
_____	Repayable \$ _____	monthly, maturing _____
_____	Repayable \$ _____	monthly, maturing _____
_____	Repayable \$ _____	monthly, maturing _____
<u>\$423,500</u>	Repayable \$ <u>16,263</u>	monthly, maturing <u>Sept. 1998</u>

Total 211

_____ \$ 33,151

212 Mortgages

_____	Repayable \$ _____	monthly, maturing _____
_____	Repayable \$ _____	monthly, maturing _____
_____	Repayable \$ _____	monthly, maturing _____
_____	Repayable \$ _____	monthly, maturing _____
_____	Repayable \$ _____	monthly, maturing _____
_____	Repayable \$ _____	monthly, maturing _____

Total 212

213 Debentures

_____	Repayable \$ _____	monthly, maturing _____
_____	Repayable \$ _____	monthly, maturing _____

Total 213

214 Other (Please Specify)

214 Less Current Maturities

_____ 33,151

Total Loans Other Than Public Transportation

\$ _____ \$ _____

**AVALON WEST SCHOOL DISTRICT
DETAILS OF LONG-TERM DEBT
FOR THE YEAR ENDED JUNE 30,**

1999

1998

22 220 Loans - Public Transportation

Ref.#
221

_____	Repayable \$	_____	monthly, maturing	_____	\$	_____	\$	_____
_____	Repayable \$	_____	monthly, maturing	_____		_____		_____
_____	Repayable \$	_____	monthly, maturing	_____		_____		_____
_____	Repayable \$	_____	monthly, maturing	_____		_____		_____
_____	Repayable \$	_____	monthly, maturing	_____		_____		_____
_____	Repayable \$	_____	monthly, maturing	_____		_____		_____
_____	Repayable \$	_____	monthly, maturing	_____		_____		_____
_____	Repayable \$	_____	monthly, maturing	_____		_____		_____
_____	Repayable \$	_____	monthly, maturing	_____		_____		_____
_____	Repayable \$	_____	monthly, maturing	_____		_____		_____
_____	Repayable \$	_____	monthly, maturing	_____		_____		_____
_____	Repayable \$	_____	monthly, maturing	_____		_____		_____

Total 221

222 Land, Buildings and Equipment Bank Loans

_____	Repayable \$	_____	monthly, maturing	_____		_____		_____
_____	Repayable \$	_____	monthly, maturing	_____		_____		_____
_____	Repayable \$	_____	monthly, maturing	_____		_____		_____
_____	Repayable \$	_____	monthly, maturing	_____		_____		_____
_____	Repayable \$	_____	monthly, maturing	_____		_____		_____

Total 222

Subtotal

223 Less Current Maturities

Total Loans - Public Transportation

Total Long Term Debt

_____	_____
_____	_____
\$ _____	\$ _____

**AVALON WEST SCHOOL DISTRICT
DETAILS OF LONG-TERM DEBT
FOR THE YEAR ENDED JUNE 30, 1999**

<u>Description</u>	<u>Ref. #</u>	<u>Rate</u>	<u>Balance Beginning of Year</u>	<u>Loans Obtained During Year</u>	<u>Principal Repayment For Year</u>	<u>Balance End of Year</u>
A) School Construction	6013-521	Prime	\$ 33,151		\$ 33,151	\$
B) Equipment						
C) Service Vehicles						
D) Other						
E) Public Transportation						
Total Loans			\$ 33,151	\$	\$ 33,151	\$

**AVALON WEST SCHOOL DISTRICT
SUMMARY OF CURRENT MATURITIES
FOR THE YEAR ENDED JUNE 30, 1999**

	2000	2001	2002	2003
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>
Description				
A) School Construction	\$			
B) Equipment				
C) Service Vehicles				
D) Other				
E) Public Transportation				
Total Loans	\$			

Schedule 9C

**AVALON WEST SCHOOL DISTRICT
INTEREST EXPENSE
FOR THE YEAR ENDED JUNE 30,**

1999

1998

Description

012	Capital School Construction	\$	\$ 7,362
	Other (Specify)		
	Total Capital		
013	Current - Operating Loans		
014	- Supplier Interest Charges		
	Total Current		
	Total Interest Expense	\$	\$ 7,362

**AVALON WEST SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30,**

1999

1998

1 Cash

Current

11	110 Cash on Hand and in Bank		
	111 Cash on Hand	\$ 200	\$ 229
	112 Bank - Current	260,204	(54,027)
	113 - Savings		9
	114 - Teachers' Payroll	(1,863)	48
	115 - Non Teachers' Payroll	58,739	(7,497)
	116 - Coupon (Debenture)		
	117 - Other - restricted Funds	87,099	86,462

Capital

111	210 Cash on Hand and in Bank		
	211 Cash on Hand		
	212 Bank - Current		
	213 - Savings		
	214 - Other (Specify)		
	Total Cash on Hand and in Bank	\$ <u>404,379</u>	\$ <u>25,224</u>

2 Short Term Investments

Current

11	121 Term Deposits	\$ 566,000	\$ 500,000
	122 Canada Savings Bonds		
	123 Other (Specify)		

Capital

11	221 Term Deposits		
	222 Canada Savings Bonds		
	223 Other (Specify)		
	Total Short Term Investments	\$ <u>566,000</u>	\$ <u>500,000</u>

AVALON WEST SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30,

		1999	1998
3	<u>Prepaid Expenses</u>		
	<u>Current</u>		
11	141 Insurance	\$ 4,327	\$ 4,752
	142 Municipal Service Fees	24,397	29,210
	143 Supplies		54,986
	144 Other (Specify)	64,824	67,884
	<u>Capital</u>		
11	241 Other (Specify)		
		<u>\$ 93,548</u>	<u>\$ 156,832</u>

**BOARD OF COMMISSIONERS
OF PUBLIC UTILITIES**

FINANCIAL STATEMENTS

March 31, 2000

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

March 31, 2000

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Morrissey & Company

CHARTERED ACCOUNTANTS

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E-mail: morrissey@nfld.net

AUDITORS' REPORT

To the Members of the Board of Commissioners of Public Utilities:

We have audited the balance sheet of the BOARD OF COMMISSIONERS OF PUBLIC UTILITIES as at March 31, 2000 and the statements of revenue, expenditure and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

St. John's, Newfoundland
June 7, 2000

Morrissey & Company

Chartered Accountants

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES
BALANCE SHEET

As At March 31,

2000

1999

ASSETS

Current

Cash

\$ 370,840 \$ 210,769

Accounts receivable

42,242 90,951

Hearing costs recoverable (Note 3)

115,904 38,007

Prepaid expenses

12,448 18,348

541,434 358,075

Designated pension funds (Note 4)

660,586 699,878

\$ 1,202,020 \$ 1,057,953

LIABILITIES

Current

Accounts payable and accruals

\$ 80,011 \$ 77,028

Accrued vacation pay

122,269 109,379

202,280 186,407

Accrued severance pay

117,997 124,070

Pension obligations (Note 4)

411,200 435,000

731,477 745,477

EQUITY

Surplus

470,543 312,476

\$ 1,202,020 \$ 1,057,953

On behalf of the Board:

E. A. Dwyer Chairperson and CEO

D. Whalen Vice-Chairperson

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES
STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS

Year Ended March 31,	2000	1999
Revenue		
Assessments	\$ 1,373,630	\$ 1,312,626
Hearings	2,250	17,250
Interest	23,599	16,438
Miscellaneous	4,927	406
Pension income (Note 4)	26,153	27,305
	<u>1,430,559</u>	<u>1,374,025</u>
Expenditure		
Advertising and notices	6,456	7,398
Furniture and equipment	9,918	28,092
Insurance	874	1,402
Leasehold improvements	2,350	29,626
Office supplies and printing	23,851	33,521
Pension obligations estimation adjustment (Note 4)	41,645	129,890
Postage and courier	4,758	4,649
Professional fees	81,058	216,088
Registration and training	29,691	19,579
Rent	128,645	126,001
Salaries and associated costs	854,353	772,258
Strategic planning	-	11,283
Telephone	27,944	24,863
Transcription	4,038	2,450
Travel	56,911	40,666
	<u>1,272,492</u>	<u>1,447,766</u>
Excess (deficiency) of revenue over expenditure	158,067	(73,741)
Surplus as at beginning of year	<u>312,476</u>	<u>386,217</u>
Surplus as at end of year	<u>\$ 470,543</u>	<u>\$ 312,476</u>

See Accompanying Notes

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES
STATEMENT OF CASH FLOWS

Year Ended March 31,	2000	1999
Operating activities		
Excess (deficiency) of revenue over expenditure	\$ 158,067	\$ (73,741)
Changes in non-cash working capital balances		
Decrease (increase) in accounts receivable	48,709	(37,213)
(Increase) decrease in hearing costs recoverable	(77,897)	160,602
Decrease in prepaid expenses	5,900	2,782
Increase (decrease) in accounts payable and accruals	2,983	(301,350)
Increase in accrued vacation pay	12,890	14,051
(Decrease) increase in accrued severance pay	(6,073)	22,891
Cash flows from (used in) operating activities	<u>144,579</u>	<u>(211,978)</u>
Investing activities		
Decrease in designated pension funds	39,292	38,140
(Decrease) increase in pension obligations	(23,800)	64,445
Cash flows from investing activities	<u>15,492</u>	<u>102,585</u>
Increase (decrease) in cash resources during the year	160,071	(109,393)
Cash position as at beginning of year	<u>210,769</u>	<u>320,162</u>
Cash position as at end of year	<u>\$ 370,840</u>	<u>\$ 210,769</u>

See Accompanying Notes

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

NOTES TO THE FINANCIAL STATEMENTS

Year Ended March 31, 2000

1. Authority

The Board of Commissioners of Public Utilities is an independent, quasi-judicial regulatory agency constituted by the Lieutenant-Governor in Council pursuant to the *Public Utilities Act*. The Board is responsible for the regulation of electric utilities in the Province to ensure that rates charged are just and reasonable and that the service provided is safe and secure. Other responsibilities include the setting and regulation of the rates for automobile insurance; limited regulation of the motor carrier industry in relation to certain passenger and ambulance operations; and establishing the amount of compensation for matters referred to the Board pursuant to the *Expropriation Act*.

2. Summary of significant accounting policies

These financial statements have, in all material respects, been prepared in accordance with generally accepted accounting principles, the more significant of which are set out below:

(a) Operating revenue and expenditure

Operating revenue and expenditure are accounted for on the accrual basis. The Board estimates expenses annually which are assessed upon and borne by regulated concerns.

(b) Hearing costs recoverable

Recoverable expenses relating to specific enquiries held by the Board are accrued in hearing costs recoverable accounts until the Board orders payment. These reimbursements and related underlying expenses are not included as operating revenue and expenditure of the Board.

(c) Capital assets

Capital assets are reported as expenditure in the year the assets are acquired. A Schedule of Tangible Capital Assets is provided (Page 8) to inform users of the capital assets on hand and available for use by the Board. The historic cost of the assets is estimated in some cases. Amortization is calculated on a straight line basis over the following useful lives:

Furniture and equipment	- 5 years
Leasehold improvements	- 5 years
Computer hardware	- 3.3 years
Computer software	- 1 year

The effect of amortization of tangible capital assets is recognized only on the Schedule of Tangible Capital Assets and not on the Statement of Revenue, Expenditure and Surplus.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

NOTES TO THE FINANCIAL STATEMENTS

Year Ended March 31, 2000

2. Summary of significant accounting policies (continued)

(d) Severance Pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continual service. No provision for severance pay is made in the accounts for employees with less than nine years of continual service. Severance pay for eligible employees is payable when the employee ceases employment with the Board.

3. Hearing costs recoverable

	2000	1999
Hearing costs recoverable - beginning of year	\$ 38,007	\$ 198,609
Add - specific enquiry costs incurred during the year		
Professional fees	118,703	407,893
Consumer Advocate	-	410,846
Transcription and printing	7,203	37,864
Salaries	28,040	71,513
Other	19,200	44,678
	<u>173,146</u>	<u>972,794</u>
	211,153	1,171,403
Less - costs recovered during the year	<u>95,249</u>	<u>1,133,396</u>
Hearing costs recoverable - end of year	<u>\$ 115,904</u>	<u>\$ 38,007</u>

4. Pension assets and liabilities

The Board maintains a defined benefit pension plan for two former commissioners. Other commissioners and employees of the Board are members of the public service pension plan.

Designated pension funds of \$660,586 (1999 - \$699,878) consist of investments maintained in trust with the Royal Trust Corporation of Canada on behalf of pensioners and are valued at market value.

Changes in designated pension funds are as follows:

	2000	1999
Balance, beginning of year	\$ 699,878	\$ 738,018
Add, earnings net of expenses	<u>26,153</u>	<u>27,305</u>
	726,031	765,323
Deduct, benefit payments	<u>65,445</u>	<u>65,445</u>
Balance, end of year	<u>\$ 660,586</u>	<u>\$ 699,878</u>

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

NOTES TO THE FINANCIAL STATEMENTS

Year Ended March 31, 2000

4. Pension assets and liabilities (continued)

Pension obligations of \$411,200 at March 31, 2000 represent the present value of accrued pension benefits as at that date, as calculated in an actuarial report dated June 7, 2000. The report indicates that a pension obligations estimation adjustment was required as at March 31, 2000 due to changes in actuarial assumptions. The estimation adjustment of \$41,645 (1999 - \$129,890) is included in expenditure in the fiscal year.

The Board is also committed to make pension payments to a former Commissioner in the amount of \$2,043 per month (\$24,516 per annum). These payments are paid directly by the Board out of operating expenditure and are included in salaries and associated costs. Direct pension payments for the year were \$10,217 (1999 - Nil). Salaries and associated costs also includes the Board's pension expenditure of \$36,606 (1999 - \$33,329) with respect to the public service pension plan.

5. Income taxes

The Board is a Crown entity of the Province of Newfoundland and as such is not subject to provincial or federal income taxes.

6. Lease commitments

The Board entered into the following leases for the rental of office space:

- (a) five year lease agreement in the amount of \$10,345 per month (\$124,140 per annum) commencing May 1998.
- (b) three year lease agreement in the amount \$500 per month (\$6,000 per annum) commencing July 1999.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES
SCHEDULE OF TANGIBLE CAPITAL ASSETS

As At March 31, 2000

	Estimated Original Cost			Accumulated Amortization			Net Book Value	
	Balance March 31, 1999	Additions Net of Disposals	Balance March 31, 2000	Balance March 31, 1999	Additions Net of Disposals	Balance March 31, 2000	Balance March 31, 2000	Balance March 31, 1999
Furniture and equipment	\$ 134,119	\$ 9,487	\$ 143,606	\$ 103,738	\$ 6,907	\$ 110,645	\$ 32,961	\$ 30,381
Leasehold improvements	105,617	2,350	107,967	21,123	22,064	43,187	64,780	84,494
Computer hardware	84,930	5,099	90,029	47,839	18,615	66,454	23,575	37,091
Computer software	2,953	6,450	9,403	2,953	6,450	9,403	-	-
	<u>\$ 327,619</u>	<u>\$ 23,386</u>	<u>\$ 351,005</u>	<u>\$ 175,653</u>	<u>\$ 54,036</u>	<u>\$ 229,689</u>	<u>\$ 121,316</u>	<u>\$ 151,966</u>

BULL ARM SITE CORPORATION

FINANCIAL STATEMENTS

31 MARCH 2000



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Directors
Bull Arm Site Corporation
St. John's, Newfoundland

I have audited the balance sheet of the Bull Arm Site Corporation as at 31 March 2000 and the statements of revenue and expenditure, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Elizabeth Marshall

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
22 June 2000

BULL ARM SITE CORPORATION

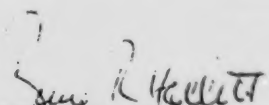
BALANCE SHEET

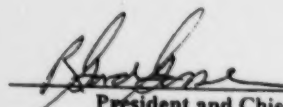
31 MARCH 2000

ASSETS	2000	1999
Current		
Cash	\$ 78,811	\$4,309,809
Investments, at cost (Note 2)	4,095,378	-
Accounts receivable	50,759	20,630
Due from the Offshore Development Fund (Note 3)	27,135	13,772
Prepaid expense	<u>1,382</u>	<u>1,728</u>
	4,253,465	4,345,939
Investment property (Note 1(a) & Note 4)	1	1
Capital assets (Note 5)	<u>10,232</u>	<u>9,761</u>
	<u>\$4,263,698</u>	<u>\$4,355,701</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 24,541	\$ 72,305
Distribution payable to the Province of Newfoundland (Note 6)	4,236,152	4,279,104
Deferred capital contributions (Note 7)	<u>3,001</u>	<u>4,288</u>
	<u>4,263,694</u>	<u>4,355,697</u>
Shareholders' Equity		
Share capital		
Authorized		
100 common shares of no par value		
Issued		
3 common shares	3	3
Investment property (Note 1(a))	<u>1</u>	<u>1</u>
	<u>4</u>	<u>4</u>
	<u>\$4,263,698</u>	<u>\$4,355,701</u>

See accompanying notes

Signed on behalf of the Board:


Chairperson


President and Chief
Executive Officer

BULL ARM SITE CORPORATION
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u>	<u>1999</u>
REVENUE		
Proceeds from disposal of investment property	\$ -	\$2,782,675
Province of Newfoundland		
Offshore Development Fund (Note 3)	70,347	69,207
Adjustment to prior years' claims	-	(72,562)
Amortization of deferred capital contributions	1,287	1,837
Interest	<u>203,612</u>	<u>192,476</u>
	<u>275,246</u>	<u>2,973,633</u>
EXPENDITURE		
Advertising	23,700	25,227
Amortization	4,342	4,184
Computer software	-	819
Conferences	1,781	2,549
Insurance	3,258	2,211
Maintenance	-	64,560
Membership fees	3,882	2,273
Miscellaneous	780	512
Professional fees - Accounting	15,040	15,120
Professional fees - Legal	-	38,808
Professional fees - Consulting	12,320	15,648
Salaries and employee benefits	198,394	209,174
Supplies	9,833	3,735
Telephone	4,315	5,991
Travel and entertainment	27,321	37,121
Vehicle	<u>13,232</u>	<u>7,310</u>
	<u>318,198</u>	<u>435,242</u>
Excess of revenue over expenditure (expenditure over revenue)		
for distribution to the Province of Newfoundland (Note 6)	<u>\$ (42,952)</u>	<u>\$2,538,391</u>

See accompanying notes

BULL ARM SITE CORPORATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u>	<u>1999</u>
Cash flows from operating activities		
Excess of revenue over expenditure (expenditure over revenue) (Note 6)	\$ (42,952)	\$2,538,391
Adjustment for non cash items		
Amortization	4,342	4,184
Amortization of deferred capital contributions	<u>(1,287)</u>	<u>(1,837)</u>
	(39,897)	2,540,738
Changes in non-cash working capital		
Accounts receivable	(30,129)	11,099
Due from the Offshore Development Fund	(13,363)	41,409
Prepaid expenses	346	215
Accounts payable and accrued liabilities	<u>(47,764)</u>	<u>29,627</u>
	(130,807)	2,623,088
Cash flows from investing activities		
Purchase of capital assets	<u>(4,813)</u>	<u>(5,864)</u>
Net increase (decrease) in cash	(135,620)	2,617,224
Cash position, beginning of year	<u>4,309,809</u>	<u>1,692,585</u>
Cash position, end of year	<u><u>\$4,174,189</u></u>	<u><u>\$4,309,809</u></u>
Cash position comprised of:		
Cash	\$ 78,811	\$4,309,809
Investments	<u>4,095,378</u>	<u>-</u>
	<u><u>\$4,174,189</u></u>	<u><u>\$4,309,809</u></u>

See accompanying notes

BULL ARM SITE CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

Authority

The Bull Arm Site Corporation was incorporated by the Province of Newfoundland on 15 September 1995 under the Corporations Act. All shares of the Corporation are held by Ministers of the Crown on behalf of the Province. Its affairs are governed by a Board of Directors appointed by the Lieutenant-Governor in Council.

An agreement between the Province and the parties involved in the Hibernia project provides for the transfer of assets, known as investment property, at the Bull Arm Site to the Province. Investment property is defined in the agreement to include buildings, fixed equipment, living and recreational facilities, drydock, wharves, vehicles and other assets. The purpose of the Corporation is to receive and administer these assets at the Bull Arm Site. Investment property that is surplus to the future needs of the Corporation is either transferred for nil proceeds to the Province for its use or, if not required by the Province, is disposed of to third parties.

1. Significant accounting policies

These financial statements have been prepared by the Corporation in accordance with generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Investment property

Management of the Corporation has determined that it is not practicable to determine the fair market value of the investment property with sufficient reliability and thus investment property is recorded at a nominal value of \$1. Any costs associated with obtaining the investment property are expensed as incurred.

(b) Capital assets

Capital assets are capitalized at cost at the time of acquisition. Capital assets include investment property which is retained by the Corporation for its own use, such as vehicles, and for which a fair value can be reasonably estimated. Amortization is calculated using the methods described below based on the expected future life of the asset as follows:

Vehicle	30% declining balance
Computer equipment	30% declining balance
Office equipment	20% declining balance

As disclosed in Note 7, certain capital assets received from the Hibernia Management Development Corporation are recorded as deferred capital contributions. These capital contributions are amortized into revenue on the same basis that amortization is recorded on the related asset.

BULL ARM SITE CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

2. Investments

Investments consist of guaranteed investment certificates and are valued at cost which approximates market value. Maturity dates range from 20 November 2000 to 26 March 2001, with interest rates from 5.15% to 5.51%.

3. Offshore Development Fund

An amount of \$750,000 has been approved under the Offshore Development Fund to support a major international campaign to market the future use of the Bull Arm Site. This fund is cost shared 75%, 25% by the Federal and Provincial governments respectively. During the year, the Corporation recorded revenue of \$70,347 (1999-\$69,207) which represents claims under the Fund for eligible expenditures incurred to date for this campaign.

4. Investment property

In March 1998, the Corporation accepted all remaining investment property from the Hibernia Management Development Corporation. In addition, effective 2 March 1998, the Corporation, on behalf of the Province of Newfoundland, entered into an agreement to lease the Bull Arm Site to PCL Industrial Contractors Inc. for a period of 34 months for \$1 per year. Under the agreement, PCL Industrial Contractors Inc. is to pay all costs related to the maintenance and operation of the Site.

5. Capital assets

	<u>2000</u>			<u>1999</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Vehicle	\$10,000	\$ 6,999	\$ 3,001	\$4,288
Computer equipment	14,372	7,380	6,992	5,473
Office equipment	<u>299</u>	<u>60</u>	<u>239</u>	<u>-</u>
	<u>\$24,671</u>	<u>\$14,439</u>	<u>\$10,232</u>	<u>\$9,761</u>

BULL ARM SITE CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

6. Distribution payable to the Province of Newfoundland

The Minister of Finance is authorized to invest, as determined appropriate, any surplus from operations. Surpluses from operations are to be paid into the Consolidated Revenue Fund of the Province of Newfoundland but there are no set terms of repayment. The change in the distribution payable to the Province of Newfoundland for the year is as follows:

	<u>2000</u>	<u>1999</u>
Balance, beginning of year	\$4,279,104	\$1,740,713
Add: excess of revenue over expenditure (expenditure over revenue) for distribution to the Province of Newfoundland	<u>(42,952)</u>	<u>2,538,391</u>
Balance, end of year	<u>\$4,236,152</u>	<u>\$4,279,104</u>

7. Deferred capital contributions

Deferred capital contributions represents the accumulation of investment property, such as vehicles, that have been retained by the Corporation for its own use. Additions to deferred capital contributions are amortized into revenue on the same basis that amortization is recorded on the related asset. The change in deferred capital contributions for the year is as follows:

	<u>2000</u>	<u>1999</u>
Balance, beginning of year	\$4,288	\$6,125
Less: amortized into revenue during year	<u>1,287</u>	<u>1,837</u>
Balance, end of year	<u>\$3,001</u>	<u>\$4,288</u>

8. Related party transactions

The Province of Newfoundland has provided office space, office equipment and furnishings, and legal services at no cost to the Corporation. These contributions are not reflected in these financial statements. Salaries and benefits for employees of the Corporation are paid directly by the Province of Newfoundland and the Province is reimbursed by the Corporation.

9. Financial instruments

The Corporation's financial instruments recognized in the Balance Sheet consist of cash, investments, accounts receivable, and accounts payable and accrued liabilities, the carrying values of which approximate fair value due to the short-term maturity associated with these instruments.

BULL ARM SITE CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

10. Operating lease obligation

A vehicle has been leased for a four-year term commencing 1 July 1999. Future minimum lease payments over the next four years are as follows:

2001	\$7,032
2002	7,032
2003	7,032
2004	1,172

11. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

12. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member Firm of
Grant Thornton International

Grant Thornton 

**Burin Peninsula
School Board
Financial Statements/
Auditors Report**
June 30, 1999

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Auditors' Report

To the Members of the
Burin Peninsula School Board

We have audited the balance sheet of the current and capital funds of the Burin Peninsula School Board as at June 30, 1999 and the related statements of current revenues, expenditures and Board deficiency, and the statement of cash flow in the capital fund for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 1999 and the results of its operations and cash flow for the year then ended in accordance with generally accepted accounting principles as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

As required by Section 66 of the Schools Act, we report that bonding insurance is adequate for those employees covered.

Marystown, Newfoundland
December 10, 1999

Grant Thornton LLP
Chartered Accountants

P.O. Box 518
2 Queen Street
Marystown
Newfoundland
A0E 2M0
Tel: (709) 279-2300
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Burin Peninsula School Board **Statement of Current Revenues, Expenditures** **and Board Deficiency**

Year Ended June 30 1999 1998

Board Operations Excluding
Regular Student Transportation

Current Revenues (Schedule 1)

Provincial Government Grants	\$ 23,491,606	\$ 23,117,433
Donations	6,225	8,201
Ancillary Services	181,619	189,583
Miscellaneous	<u>344,053</u>	<u>431,969</u>
	<u>24,023,503</u>	<u>23,747,186</u>

Current Expenditures

Administration (Schedule 2)	915,845	905,061
Instruction (Schedule 3)	19,572,904	19,806,878
Operations and Maintenance (Schedule 4)	3,278,428	2,800,145
Pupil Transportation (Schedule 6)	76,930	54,571
Ancillary Services (Schedule 7)	178,667	181,422
Interest Expense (Schedule 10C)	87,376	37,246
Miscellaneous Expense (Schedule 8)	<u>197,057</u>	<u>87,157</u>
	<u>24,307,207</u>	<u>23,872,480</u>

23 111 Excess of Expenditure over Revenue	(283,704)	(125,294)
Transfer to Capital	<u>(146,650)</u>	<u>(311,519)</u>
Decrease in Board Equity	(430,354)	(436,813)
(Decrease) Increase in Board Equity - Page 3	<u>(209,238)</u>	<u>8,875</u>
Decrease in Board Equity Before Accrual for Teacher's Severance	(639,592)	(427,938)
Accrual for Teacher's Severance	<u>(468,604)</u>	<u>(4,528,721)</u>
Net Decrease in Board Equity	<u>\$ (1,108,196)</u>	<u>\$ (4,956,659)</u>

See Accompanying Notes

Grant Thornton

Burin Peninsula School Board
Statement of Current Revenues, Expenditures
and Board Deficiency (Cont'd)

Year Ended June 30

1999

1998

Operation and Maintenance of
Board Owned School Bus Fleet (Schedule 5)

Revenues	\$	1,677,709	\$	1,653,261
Expenditures		<u>1,886,947</u>		<u>1,644,386</u>
Excess of (Expenditures over Revenues)				
Revenues over Expenditures		<u>(209,238)</u>		<u>8,875</u>
Net (Decrease) Increase in Equity	\$	<u>(209,238)</u>	\$	<u>8,875</u>

See Accompanying Notes

Grant Thornton

Burin Peninsula School Board Balance Sheet

June 30

1999

1998

	Current Fund	Capital Fund	Combined	Combined
Assets				
Current Assets				
Cash (Supp. Info. 1)	\$ 108,227		\$ 108,227	\$ 56,089
Short Term Investments (Supp. Info. 2)	22,255		22,255	16,638
Accounts Receivable (Note 2)	1,165,094	\$ 19,480	1,184,574	411,386
Prepaid Expenses (Supp. Info. 3)	165,178		165,178	138,258
Total Current Assets	1,460,754	19,480	1,480,234	622,371
Property and Equipment (Sch. 9)		43,558,563	43,558,563	43,204,727
Deferred Pension Cost (Note 9)				9,764
	<u>\$ 1,460,754</u>	<u>\$ 43,578,043</u>	<u>\$ 45,038,797</u>	<u>\$ 43,836,862</u>

Liabilities and Board Equity

Current Liabilities

Bank Indebtedness (Note 3)	\$ 2,099,410		\$ 2,099,410	\$ 1,235,663
Accounts Payable and Accrued (Note 4)	6,551,770	\$ 203,774	6,755,544	5,714,784
Current Maturities (Sch. 10B)	6,164	15,000	21,164	24,624
Total Current Liabilities	8,657,344	218,774	8,876,118	6,975,071
Long Term Debt (Schedule 10)		60,000	60,000	6,164

Board Equity

Investment in Capital Assets (Note 6)		43,299,269	43,299,269	43,157,021
Board Deficiency (Note 5)	(7,196,590)		(7,196,590)	(6,301,394)
Total Board Equity	(7,196,590)	43,299,269	36,102,679	36,855,627
	<u>\$ 1,460,754</u>	<u>\$ 43,578,043</u>	<u>\$ 45,038,797</u>	<u>\$ 43,836,862</u>

Contingent Liabilities and Uncertainty (Note 7 and Note 8)

On behalf of the Board

Mr. Lambert Chairperson Earl R. Smith Secretary

See Accompanying Notes

Grant Thornton

Burin Peninsula School Board **Statement of Cash Flow in the Capital Fund**

Year Ended June 30

1999

1998

70	Capital Receipts		
71	Proceeds from Bank Loans		
011	- School Construction		
012	- Equipment		
013	- Service Vehicles		
014	- Pupil Transportation	✓ \$	75,000
015	- Other (Specify)		
			<u>75,000</u>
72	School Construction Grants		
011	School Construction and Equipment	27,698	\$ 38,532
	Other AR (136,485) + 9,988		
012	Repayment of Long Term Debt		
014	Pupil Transportation		<u>57,684</u>
		<u>27,698</u>	<u>96,216</u>
73	Donations		
011	- Cash Receipts		4,340
012	- Non-Cash Receipts		
013	- Restricted Use		
			<u>4,340</u>
74	Sale of Capital Assets - Proceeds		
011	- Land		
012	- Buildings		
013	- Equipment		425
014	- Service Vehicles		1,535
015	- Pupil Transportation Vehicles		
016	- Other (Specify)		
			<u>1,960</u>
75	Other Capital Revenues		
011	- Interest on Capital Fund Investments	122	3,610
	- Computer Grants		132,600
	- Debt Retirement		
012	- Premiums on Debentures		
013	- Recoveries of Expenditures		
014	- Federal Sales Taxes		
015	- Insurance Proceeds		
016	- Native Peoples Grants		
017	- Miscellaneous (Specify)		
			<u>1,983</u>
		\$ <u>122</u>	\$ <u>138,193</u>

Grant Thornton

Burin Peninsula School Board**Statement of Cash Flow in the Capital Fund (Cont'd)**

Year Ended June 30

1999**1998**

Total Capital Receipts	\$ <u>102,820</u>	\$ <u>240,709</u>
77 Transfer from Reserve Account	<u> </u>	<u> </u>
78 Transfer to/from Current Fund	<u>146,650</u>	<u>311,519</u>
Total	\$ <u>249,470</u>	\$ <u>552,228</u>

80 Capital Disbursements**81 Additions to Property & Equipment**

011	- Land and Sites		
012	- Buildings (31,230 + A/P Dec 101,269 - A/P Nov \$702)	134,832	\$ 207,266
013	- Furniture & Equipment - Schools	✓ 60,575	277,988
014	- Furniture & Equipment - Other		
015	- Service Vehicles		
016	- Pupil Transportation (268,990 - A/P Nov 203,067)	64,063	57,637
017	- Other (Specify) - maintenance 1979 + 122)		
		<u>249,470</u>	<u>542,891</u>

82 Principal Repayment of Long Term Debt

011	- School Construction		
012	- Equipment		
013	- Service Vehicles		
014	- Other	<u> </u>	<u> </u>
		<u> </u>	<u> </u>

83 Miscellaneous Disbursements

011	- Cost of Issuing Term Deposits		
012	- Repayment of Short Term Loans		
013	- Other (Specify)	<u> </u>	<u>9,337</u>
		<u> </u>	<u>9,337</u>

Total Capital Disbursements	\$ <u>249,470</u>	\$ <u>552,228</u>
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See Accompanying Notes

Grant Thornton

Burin Peninsula School Board

Notes to the Financial Statements

June 30, 1999

1. Summary of significant accounting policies

Fund Accounting

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Boards, to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting, is as follows:

- a) Grants received by the Board are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the Newfoundland and Labrador Education Investment Corporation are recorded as capital revenues.
- b) Fixed asset additions are recorded at full cost in the capital fund.
- c) The Board does not calculate or record depreciation on any of its fixed assets.

Severance Pay

The Board has in effect a severance pay policy whereby non-teaching staff with nine or more years of continuous service are entitled to a severance payment upon leaving employment with the Board. This liability for severance pay has been accrued in the accounts for all employees who have a vested right to receive such payments.

Severance pay for teachers is accrued based on amounts provided by the Department of Education.

Burin Peninsula School Board

Notes to the Financial Statements

June 30

1999

1998

	<u>Current Fund</u>	<u>Capital Fund</u>	<u>Combined</u>	<u>Combined</u>
2. <u>Accounts Receivable</u>				
<u>Current</u>				
11 131 Provincial Government Grant	\$ 1,046,547		\$ 1,046,547	\$ 304,354
132 Transportation				
133 Federal Government	69,158		69,158	21,205
134 Auto Insurance	586		586	974
136 Other School Boards				
137 Rent	2,500		2,500	2,000
138 Interest				
139 Travel Advances and Misc.	46,303		46,303	31,289
<u>Capital</u>				
11 231 Provincial Government Grants				36,685
232 Federal Government		\$ 18,419	18,419	9,431
233 Local Contributions				
234 Other School Boards				
235 Other (Specify)		1,061	1,061	5,468
	<u>\$ 1,165,094</u>	<u>\$ 19,480</u>	<u>\$ 1,184,574</u>	<u>\$ 411,386</u>

	<u>Current Fund</u>	<u>Capital Fund</u>	<u>Combined</u>	<u>Combined</u>
3. <u>Bank Indebtedness</u>				
21 131 On Operating Credit	\$ 1,800,000		\$ 1,800,000	\$ 1,175,000
132 On Current Account	259,546		259,546	46,398
On Staff Payroll Account	39,864		39,864	14,265
	<u>\$ 2,099,410</u>		<u>\$ 2,099,410</u>	<u>\$ 1,235,663</u>

Burin Peninsula School Board
Notes to the Financial Statements

June 30

1999

1998

	<u>Current Fund</u>	<u>Capital Fund</u>	<u>Combined</u>	<u>Combined</u>
4. <u>Accounts Payable and Accrued</u>				
<u>Current</u>				
21 111 Trade Payable	\$ 650,342	\$ 650,342	\$ 382,103	
112 Accrued - Liabilities	92,740	92,740	75,499	
113 - Interest				
114 - Wages				
115 Payroll Deductions	40,450	40,450	22,003	
116 Retail Sales Tax	2,283	2,283	1,121	
117 Deferred Grants	43,968	43,968	13,992	
118 Other (Specify)				
Severance Pay Accrual	576,874	576,874	458,115	
Sick Leave Accrual	66,200	66,200	74,728	
Vacation Pay Accrual	76,573	76,573	57,233	
Teacher's Severance	4,997,325	4,997,325	4,528,721	
Scholarship Fund	5,015	5,015		
<u>Capital</u>				
21 211 Trade Payable	\$ 203,774	203,774	57,601	
212 Accrued - Liabilities			43,668	
213 - Interest				
217 Deferred Grants				
218 Other (Specify)				
	<u>\$ 6,551,770</u>	<u>\$ 203,774</u>	<u>\$ 6,755,544</u>	<u>\$ 5,714,784</u>

Burin Peninsula School Board
Notes to the Financial Statements

June 30

1999

1998

5. Board Deficiency

Opening Board Deficiency	\$ (6,301,394)	\$ (1,344,735)
Add: Deficit Recovery	<u>213,000</u>	<u> </u>
	(6,088,394)	(1,344,735)
Net Decrease in Board Equity (Page 3)	<u>(1,108,196)</u>	<u>(4,956,659)</u>
Board Deficiency, End of Year	\$ <u>(7,196,590)</u>	\$ <u>(6,301,394)</u>

Burin Peninsula School Board **Notes to the Financial Statements**

June 30

1999

1998

6. Investment in Capital Assets,			
Beginning of Year	\$	43,157,021	\$ 42,667,313
Add:			
Transfer to Capital Fund		146,650	311,519
Grants - Contributions for Capital Construction			28,402
- Pupil Transportation Grants			57,684
- Other (Specify) - Debt retirement			
Donations (Specify)			
Proceeds from Sale of			
Capital Assets - Land			
- Buildings			
- Equipment			425
- Vehicles			1,535
- Other			
Interest on Capital Fund Investments			3,610
Capital Construction Grants - Dree Loans			
Write-offs		(4,402)	(2,719)
Insurance Proceeds - Capital			
Native Peoples Grants - Capital			
Miscellaneous (Specify) - Computers			134,583
		<u>142,248</u>	<u>535,039</u>
Deduct Adjustments:			
Cost of assets sold - Land			
- Buildings			
- Equipment			
- Service Vehicles			
- Pupil Transportation Vehicles			45,331
- Other			
			<u>45,331</u>
23 221 Investment in Capital Assets,			
End of Year	\$	43,299,269	\$ 43,157,021

Burin Peninsula School Board

Notes to the Financial Statements

June 30, 1999

7. Contingent Liabilities

The Board has a potential liability for accumulated sick leave to its employees in the amount of \$1,646,136. This amount has not been included in the financial statements. The amount is calculated based on Board policy and on an interpretation of the agreement with unionized employees. Any payments to employees for sick leave is expensed in the period such payments are incurred.

8. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effect of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Board, including those relate to the efforts of customers, suppliers, or other third parties, will be fully resolved.

9. Deferred Pension Cost

1999

1998

The contributions are being amortized on a straight line basis over a period of eight years.

Balance, beginning of year	\$	9,764	\$	19,529
Less: Amortized during the year		<u>9,764</u>		<u>(9,765)</u>
Balance, end of year	\$	<u>Nil</u>	\$	<u>9,764</u>

Burin Peninsula School Board

Notes to the Financial Statements

June 30, 1999

10. Department of Education Receivables

As at June 30, 1999, the Board has recorded the following receivables from the Province of Newfoundland and Labrador – Department of Education:

Amounts due re:	Air quality and repairs and maintenance project	\$	457,625
	District restructuring		202,000
	Student assistant grants		<u>57,500</u>
		\$	<u>717,125</u>

As at the date of the audit report, the Newfoundland Provincial Department of Education has not confirmed the above accounts receivable. It is reasonably possible that the amounts received will differ materially from the amounts recorded in the financial statements, however, the amounts of any possible adjustments to the receivables cannot be reasonably estimated.

11. Significant Matter

As a result of the closure of the Board-owned school at Monkstown in 1996, the Board has agreed to provide financial assistance to a student to continue education elsewhere. The financial commitment of the Board is \$10,000 annually for five years, commencing in 1996.

12. Subsequent event

Subsequent to June 30, 1999 the Board borrowed \$1,500,000 to finance restructuring expenses. The loan is to be amortized over three years.

Burin Peninsula School Board

Current Revenues

Year Ended June 30

1999

1998

Schedule 1

Current Revenues

32 010	Provincial Government Grants		
011	Regular Operating Grants	\$ 4,077,286	\$ 4,085,514
016	Special Grants (Details on bottom of Schedule 1)	883,393	327,550
	Salaries and Benefits		
017	- Director and Assistant Directors	250,731	291,147
021	- Regular Teachers	17,081,711	17,412,528
022	- Substitute Teachers	661,093	652,013
	- Student Assistants	456,595	294,110
030	Pupil Transportation		
031	- Board Owned		
032	- Contracted		
033	- Handicapped	80,797	54,571
		<u>23,491,806</u>	<u>23,117,433</u>
33 010	Donations		
012	Cash Receipts	8,225	8,201
013	Non Cash Receipts		
014	Restricted Use		
		<u>8,225</u>	<u>8,201</u>
34 010	Ancillary Services		
011	Revenues from Rental of Residence	8,000	8,400
021	Revenues from Rental of Schools and Facilities	28,005	26,280
031	Cafeterias	145,814	154,903
032	Other (Specify)		
		<u>181,819</u>	<u>189,583</u>
35 010	Miscellaneous		
011	Interest on Investments	638	1,677
021	Recoveries of Expenditures	6,819	9,657
031	Revenues from Other School Boards		
051	Insurance Proceeds		
061	Bilingual Education Revenue	26,652	23,640
081	Miscellaneous Federal Grants	261,692	342,875
091	Textbooks	39,892	35,112
092	Sundry	8,360	19,008
		<u>344,053</u>	<u>431,969</u>
	Total Current Revenues	\$ 24,023,503	\$ 23,747,186

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Burin Peninsula School Board

Current Revenues (Cont'd)

Year Ended June 30

1999

1998

Special Grants

Schedule 1

French Monitor	\$	6,130	\$	10,933
French Co-ordinator				
French Immersion				
French Materials				
Other		9,675		5,794
School Board Election Grant				35,173
Alternate Text				
Textbook Credit Allocation		3,623		11,976
Redundancy Pay Reimbursement				2,872
Enterprise Education				
Co-op Education				3,750
Tutoring for Tuition		4,200		2,535
Computer Software				
Stellar Schools				12,000
Reimbursement of Court Costs		9,122		28,058
Heat and Light Savings				
Distance Education		9,423		8,816
Enrolment Averaging				
School Closures				
Indoor Air Quality and Maintenance		784,750		200,471
Grass Roots Program				5,172
Voluntary Workforce Reduction Program		32,545		
Special Education and TMH				
Early Literacy		15,549		
Drama Festival		8,376		
	\$	<u>883,393</u>	\$	<u>327,550</u>

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Burin Peninsula School Board Administration Expenditures

Year Ended June 30

1999

1998

			<u>Schedule 2</u>
51	Salaries and Benefits		
011	- Director & Assistance Directors	\$ 254,990	\$ 299,888
012	- Board Office Personnel	322,748	304,017
013	Office supplies	25,411	30,366
014	Replacement Furniture and Equipment	2,829	1,423
015	Postage	10,497	10,197
016	Telephone	27,467	29,907
017	Office Equipment Rentals	13,928	10,529
018	Bank Charges	504	548
019	Heat and Electricity	13,196	15,012
022	Insurance	2,077	2,541
023	Repairs and Maintenance		
024	Travel	39,195	31,794
025	Board Meeting Expense	18,388	23,060
	Bad Debts	50,718	42,120
	Election Expense		24,466
027	Professional Fees	72,848	29,735
028	Advertising	19,694	11,027
029	Membership Dues	21,346	21,199
030	Principals' Meetings		
031	Municipal Service Fees		
032	Office Space Rental		
034	Miscellaneous	14,500	5,384
035	Payroll Tax	5,509	11,848
	Total Administration Expenditures	\$ 915,845	\$ 905,061

Burin Peninsula School Board

Instruction Expenditures

Year Ended June 30

1999

1998

			<u>Schedule 3</u>
52 010	Instructional Salaries (Gross)		
011	Teachers' Salaries - Regular	\$ 17,081,711	\$ 17,412,230
012	- Substitute	661,093	625,746
013	- Board Paid	27,925	22,320
015	Employee Benefits		
016	School Secretaries - Salaries & Benefits	392,785	382,881
017	Payroll Tax	6,823	11,125
018	Other - HRD Programs	19,340	25,048
019	Student Assistants - Salaries & Benefits	459,923	412,053
		<u>18,659,600</u>	<u>18,891,403</u>
52 040	Instructional Materials		
041	General Supplies	56,932	59,200
042	Library Resource Materials	34,942	37,149
043	Teaching Aids	183,486	166,328
044	Textbooks	45,873	37,290
045	Photocopy Expense	73,438	80,612
047	Special Education Materials	13,598	19,067
049	Program Support		
		<u>408,269</u>	<u>399,646</u>
52 060	Instructional Furniture and Equipment		
061	Repairs/Replacement	103,875	27,055
062	Rentals/Leases	49,523	51,946
		<u>153,398</u>	<u>79,001</u>
52 080	Instructional Staff Travel		
081	Program Coordinators	42,524	56,229
082	Teachers' Travel	4,630	3,263
083	Inservice and Conferences	37,303	38,005
		<u>84,457</u>	<u>97,497</u>
52 090	Other Instructional Costs		
091	Postage and Stationary	7,140	7,895
092	Miscellaneous	260,040	331,436
		<u>267,180</u>	<u>339,331</u>
	Total Instruction Expenditures	\$ 19,572,904	\$ 19,806,878

Burin Peninsula School Board
Operations and Maintenance Expenditures –
Schools

Year Ended June 30		1999	1998
		<u>Schedule 4</u>	
53 011	Salaries & Benefits	\$ 1,003,623	\$ 985,113
013	Payroll Tax	21,123	18,511
014	Electricity	714,911	759,280
015	Fuel	41,644	68,357
016	Municipal Fees	42,619	41,763
017	Telephone	101,549	119,784
018	Board Vehicle	14,783	16,660
019	Janitorial Supplies	74,155	72,592
021	Janitorial Equipment	105	8,281
022	Repairs - Buildings	230,306	270,679
023	Repairs - Equipment		11
024	Repairs - Contract	79,296	164,698
025	Snow Clearing	84,944	74,077
026	Repairs - Other	501,906	
027	School Closures		
028	Indoor Air Quality	<u>367,464</u>	<u>200,339</u>
Total Operations and Maintenance		\$ <u>3,278,428</u>	\$ <u>2,800,145</u>

Burin Peninsula School Board
Operation and Maintenance of Board Owned Fleet

Year Ended June 30

1999

1998

54 010 Operation and Maintenance of Board Owned Fleet - Expenditures Schedule 5

011	Salaries and Wages - Administration	\$	96,496	\$	64,420
012	Salaries and Wages - Drivers and Mechanics		983,930		897,676
013	Employee Benefits		130,853		114,974
014	Debt Repayment - Interest				
015	Debt Repayment - Principal				
016	Bank Charges				
	Bad Debts				20,682
017	Gas, Diesel and Oil		238,210		248,680
018	Licenses		26,727		25,954
019	Insurance		19,298		25,133
021	Repairs and Maintenance - Fleet		237,480		158,416
022	Repairs and Maintenance - Building		53,840		15,386
023	Tires and Tubes		24,653		16,698
024	Heat and Light		5,288		5,301
025	Municipal Fees		584		662
026	Snowclearing				
027	Office Supplies and Equipment		1,968		4,191
028	Rent				
029	Travel		508		2,783
031	Professional Fees		3,232		2,500
032	Miscellaneous		23,875		9,485
033	Telephone		18,396		12,299
034	Payroll Tax		21,609		19,146
			<u>21,609</u>		<u>19,146</u>

\$ 1,886,947 \$ 1,644,386

Operation and Maintenance of Board Owned Fleet - Revenues

32 031	Province of Newfoundland Grants	\$	1,632,300	\$	1,610,103
35 012	Extra Runs and Fees		45,409		42,248
	Other				910

\$ 1,677,709 \$ 1,653,261

Burin Peninsula School Board
Pupil Transportation Expenditures

Year Ended June 30

1999

1998

Schedule 6

54 010 Contracted Services

041 Regular Transportation

042 Handicapped

\$ 76,930 \$ 54,571

\$ 76,930 \$ 54,571

Burin Peninsula School Board

Ancillary Services and Miscellaneous Expenses

Year Ended June 30, 1999

Ancillary Services

Schedule 7

The Board owns and operates the following ancillary services:

Cafeterias at Pearce High School, Donald C. Jamieson Academy, Jacques Fontaine All Grade School and John Burke High School.

Residences at Rushoon and South East Bight.

55	Ancillary Services		<u>1999</u>		<u>1998</u>
011	Operation of Teacher's Residences	\$	3,230	\$	8,399
031	Cafeterias		175,437		173,023
032	Other (Specify)				
		\$	<u>178,667</u>	\$	<u>181,422</u>

Miscellaneous Expenses

Schedule 8

The Board has incurred the following miscellaneous expenses.

			<u>1999</u>		<u>1998</u>
57 011	Rental of School Space	\$	8,250	\$	17,000
	Special Incentive Program		10,000		10,000
	Provision for Severance Pay		171,043		50,392
	Pensions Premiums Amortization		<u>9,764</u>		<u>9,765</u>
		\$	<u>197,057</u>	\$	<u>87,157</u>

Burin Peninsula School Board

Details of Property and Equipment

Year Ended June 30, 1999

Schedule 9

		<u>Balance,</u> <u>beginning of year</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance,</u> <u>end of year</u>
12 210	Land and Sites				
211	Land and Sites	\$ 199,550			\$ 199,550
12 220	Buildings				
221	Schools	33,875,771	\$ 34,270		33,910,041
222	Administration	427,284			427,284
223	Residential	86,408			86,408
224	Recreational				
225	Other	152,886			152,886
		<u>34,542,349</u>	<u>34,270</u>		<u>34,576,619</u>
12 230	Furniture and Equipment				
231	Schools	4,024,598			4,024,598
232	Administration	312,301			312,301
233	Residential	850			850
234	Recreation				
235	Other	18,623			18,623
		<u>4,356,372</u>			<u>4,356,372</u>
12 250	Pupil Transportation				
251	Land				3,300,039
252	Building				213,358
253	Vehicles - Buses	3,031,049	268,990		
254	- Service	213,356			
255	Equipment				
256	Other (Specify)				
		<u>3,244,405</u>	<u>268,990</u>		<u>3,513,395</u>
12 260	Misc. Capital Assets				
261	Computers	843,888	50,576		894,464
	Tools	18,163			18,163
		<u>862,051</u>	<u>50,576</u>		<u>912,627</u>
	Total Property and Equipment	\$ 43,204,727	\$ 353,836	\$	\$ 43,558,563

✓

Burin Peninsula School Board
Details of Property and Equipment (Cont'd)

Year Ended June 30, 1999

Schedule 9

Land, buildings and equipment have been recorded in the accounts at cost as at January 1, 1999. Additions since that date have been recorded at cost. Lands and sites on which some of the buildings are erected are vested in the former school boards or denominational education councils or churches. All real and personal property used for the purpose of education by the Burin Peninsula School District will be subject to the terms and conditions contained in Section 95 of the 1998 Schools Act.

As of the date of the Auditor's report the values of all of the school buildings and equipment used by the Burin Peninsula School District have not been obtained from the Department of Education or the former school boards.

Burin Peninsula School Board Details of Long Term Debt

Year Ended June 30, 1999

Schedule 10

Bank loans, mortgages and debentures, approved by the
Board and the Government of Newfoundland and Labrador.

22	210	Loans Other than Pupil Transportation		<u>1999</u>
		<u>Ref #</u>		
	211	Bank Loans		
		_____ Repayable \$2,052 monthly, maturing 1999	\$	6,164
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ _____ monthly, maturing _____		
		Total 211		<u>6,164</u>
	212	Mortgages		
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ _____ monthly, maturing _____		
		Total 212		_____
	213	Debentures		
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ _____ monthly, maturing _____		
		Total 213		_____
	214	Province of Newfoundland		_____
		Subtotal		<u>6,164</u>
	215	Less: Current Maturities		<u>6,164</u>
		Total Loans Other Than Pupil Transportation	\$	<u>Nil</u>

Burin Peninsula School Board
Details of Long Term Debt (Cont'd)

Year Ended June 30, 1999

Schedule 10

Bank loans, mortgages and debentures, approved by the
Board and the Government of Newfoundland and Labrador.

22	210	Loans Other than Pupil Transportation		1998
		<u>Ref #</u>		
	211	Bank Loans		
		Repayable \$2,052 monthly, maturing 1999	\$	30,788
		Repayable \$ monthly, maturing		
		Repayable \$ monthly, maturing		
		Repayable \$ monthly, maturing		
		Repayable \$ monthly, maturing		
		Total 211		30,788
	212	Mortgages		
		Repayable \$ monthly, maturing		
		Repayable \$ monthly, maturing		
		Repayable \$ monthly, maturing		
		Repayable \$ monthly, maturing		
		Repayable \$ monthly, maturing		
		Total 212		
	213	Debentures		
		Repayable \$ monthly, maturing		
		Repayable \$ monthly, maturing		
		Total 213		
	214	Province of Newfoundland		
		Subtotal		30,788
	215	Less: Current Maturities		24,624
		Total Loans Other Than Pupil Transportation	\$	6,164

Burin Peninsula School Board
Details of Long Term Debt (Cont'd)

Year Ended June 30, 1999

Schedule 10

1999

22	220	Loans - Pupil Transportation	\$	
		Ref #		
	221	Vehicle Bank Loans		
		Repayable \$1,250 monthly, maturing 2004		75,000
		Repayable \$ monthly, maturing		
		Repayable \$ monthly, maturing		
		Repayable \$ monthly, maturing		
		Repayable \$ monthly, maturing		
		Repayable \$ monthly, maturing		
		Repayable \$ monthly, maturing		
		Repayable \$ monthly, maturing		
		Repayable \$ monthly, maturing		
		Repayable \$ monthly, maturing		
		Repayable \$ monthly, maturing		
		Repayable \$ monthly, maturing		
		Repayable \$ monthly, maturing		
		Total 221		
	222	Land, Buildings and Equipment Bank Loans		
		Repayable \$ monthly, maturing		
		Repayable \$ monthly, maturing		
		Repayable \$ monthly, maturing		
		Repayable \$ monthly, maturing		
		Repayable \$ monthly, maturing		
		Total 222		
		Subtotal		75,000
	223	Less: Current Maturities		15,000
		Total Loans - Pupil Transportation	\$	60,000
		Total Long Term Debt	\$	81,164

Burin Peninsula School Board
Details of Long Term Debt (Cont'd)

Year Ended June 30, 1999

Schedule 10

1998

22	220	Loans - Pupil Transportation	\$	
		Ref #		
	221	Vehicle Bank Loans		
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ _____ monthly, maturing _____		
		Total 221		_____

	222	Land, Buildings and Equipment Bank Loans		
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ _____ monthly, maturing _____		
		Total 222		_____

		Subtotal		_____

	223	Less: Current Maturities		_____
		Total Loans - Pupil Transportation	\$	_____
		Total Long Term Debt	\$	<u>30,788</u>

Burin Peninsula School Board

Summary of Long Term Debt

Year Ended June 30, 1999

Schedule 10A

Description	Ref. #	Rate	Balance, Beginning of Year	Loans Obtained During Year	Principal Repayments for Year	Balance, End of Year
A) School Construction						
B) Equipment						
C) Service Vehicles						
D) Other - Past Service Pension Contributions	Prime	\$	30,788		\$ 24,624	\$ 6,164
E) Pupil Transportation				✓ \$ 75,000		75,000
Total Loans			<u>\$ 30,788</u>	<u>\$ 75,000</u>	<u>\$ 24,624</u>	<u>\$ 81,164</u>

Grant Thornton

Burin Peninsula School Board
Current Maturities

Year Ended June 30, 1999

Schedule 10B

<u>Description</u>	<u>Year 1</u>	<u>Year 2</u>
A) School Construction		
B) Equipment		
C) Service Vehicles		
D) Other - Past Service Pension Contributions	\$ 6,164	\$ 24,624
E) Pupil Transportation	15,000	
Total	<u>\$ 21,164</u>	<u>\$ 24,624</u>

Grant Thornton

Burin Peninsula School Board

Interest Expenses

Year Ended June 30

1999

1998

Schedule 10C

56 010

<u>Description</u>			
012	Capital		
	School Construction	\$ 1,005	\$ 2,008
	Equipment		
	Service Vehicles		
	Other (Specify)	<u>745</u>	<u></u>
	Total Capital	<u>1,750</u>	<u>2,008</u>
013	Current - Operating Loans	76,548	26,747
	- Supplier Interest Charges	<u>9,078</u>	<u>8,491</u>
	Total Current	<u>85,626</u>	<u>35,238</u>
	Total Interest Expense	\$ <u>87,376</u>	\$ <u>37,246</u>

Burin Peninsula School Board Supplementary Information

Year Ended June 30

			1999	1998
	<u>Current</u>	<u>Capital</u>	<u>Combined</u>	<u>Combined</u>
1. <u>Cash</u>				
<u>Current</u>				
11 110 Cash on Hand and in Bank				
111 Cash on Hand \$	200	\$	200	\$ 200
112 Bank - Current	42,026		42,026	
113 - Savings				
114 - Teachers' Payroll	39,002		39,002	23,272
115 - Non Teachers' Payroll				
116 - Coupon (Debenture)				
117 - Other (Cafeterias)	26,999		26,999	30,638
<u>Capital</u>				
11 210 Cash on Hand and in Bank				
211 Cash on Hand				
212 Bank - Current	\$			1,979
213 - Savings				
214 - Other (Specify)				
Total Cash on Hand & in Bank	\$ 108,227	\$	\$ 108,227	\$ 56,089
2. <u>Short Term Investments</u>				
<u>Current</u>				
11 121 Term Deposits \$	22,255	\$	22,255	\$ 16,638
122 Canada Savings Bonds				
123 Other (Specify)				
<u>Capital</u>				
11 221 Term Deposits				
222 Canada Savings Bonds				
223 Other (Specify)				
Total Short Term Investments	\$ 22,255	\$	\$ 22,255	\$ 16,638

Burin Peninsula School Board Supplementary Information

Year Ended June 30

1999

1998

	<u>Current</u>	<u>Capital</u>	<u>Combined</u>	<u>Combined</u>
3. <u>Prepaid Expenses</u>				
<u>Current</u>				
11 141 Insurance	\$ 4,053	\$ 4,053	\$ 5,278	
142 Municipal Service				
Fees	17,209	17,209	15,863	
143 Supplies	106,894	106,894	84,594	
144 Other	37,022	37,022	32,523	
<u>Capital</u>				
11 241 Other (Specify)				
	<u>\$ 165,178</u>	<u></u>	<u>\$ 165,178</u>	<u>\$ 138,258</u>

C.A. PIPPY PARK COMMISSION

FINANCIAL STATEMENTS

31 MARCH 2000



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Commissioners
C.A. Pippy Park Commission
St. John's, Newfoundland

I have audited the balance sheet of the C.A. Pippy Park Commission as at 31 March 2000 and the statements of revenue, expenditure and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at 31 March 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Elizabeth Marshall

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
2 June 2000

C.A. PIPPY PARK COMMISSION

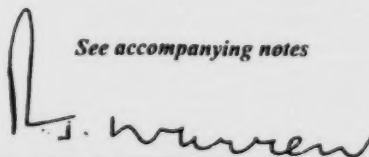
BALANCE SHEET

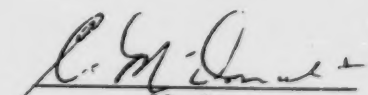
31 MARCH 2000

	<u>2000</u>	<u>1999</u>
ASSETS		
Current		
Cash	\$296,460	\$430,866
Accounts receivable (Note 2)	87,679	133,493
Prepaid expenses	5,664	12,315
Prepaid supplies	5,274	7,333
Merchandise inventory - at the lower of cost and net realizable value	<u>9,945</u>	<u>10,626</u>
	405,022	594,633
Capital assets (Note 3)	<u>95,631</u>	<u>49,762</u>
	<u>\$500,653</u>	<u>\$644,395</u>
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 68,214	\$ 49,476
Deferred revenue	5,110	6,369
Obligations under capital lease - current portion (Note 4)	<u>19,605</u>	<u>8,993</u>
	92,929	64,838
Obligations under capital lease (Note 4)	42,110	2,452
Accrued severance pay	<u>105,899</u>	<u>95,388</u>
	<u>240,938</u>	<u>162,678</u>
Equity		
Unexpended capital funds (Note 5)	169,832	407,383
Surplus	<u>89,883</u>	<u>74,334</u>
	<u>259,715</u>	<u>481,717</u>
	<u>\$500,653</u>	<u>\$644,395</u>
Contingent liabilities (Note 11)		

See accompanying notes

Signed on behalf of the Board:


Chairperson


Member

C.A. PIPPY PARK COMMISSION

STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS

FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u>		<u>1999</u>
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
REVENUE			
Province of Newfoundland (Note 6)			
Special projects	\$ 15,000	\$ -	\$ 24,000
Pay equity	11,020	-	-
Operating grant	-	-	<u>150,000</u>
	<u>26,020</u>	-	174,000
Trailer park	213,920	154,500	177,103
Services	177,610	144,000	150,179
Rental	133,825	110,500	129,643
Income from other revenue			
producing activities (Note 7)	136,223	108,000	112,446
Golf course management fee (Note 8)	150,000	150,000	100,000
Interest	17,740	6,000	23,144
Professional fees	16,000	16,000	16,000
Miscellaneous	<u>13,958</u>	<u>1,000</u>	<u>6,074</u>
	<u>885,296</u>	<u>690,000</u>	<u>888,589</u>
EXPENDITURE			
Advertising and promotion	8,189	8,000	9,042
Amortization	16,448	-	9,652
Bad debts	2,104	3,000	6,748
Building maintenance	45,742	43,100	38,550
Donation	225	-	4,650
Equipment maintenance	32,730	27,500	27,550
Heat, light and telephone	54,233	49,700	50,220
Honoraria	6,590	8,000	5,460
Insurance	14,071	17,250	15,542
Interest on capital lease obligation	3,997	-	2,615
Miscellaneous	17,020	11,100	10,683
Office	8,018	4,000	4,819
Professional fees	14,095	13,100	7,408
Salaries and employee benefits	714,182	590,000	663,993
Supplies	28,495	26,500	30,530
Travel	<u>3,608</u>	<u>3,500</u>	<u>3,195</u>
	<u>969,747</u>	<u>804,750</u>	<u>890,657</u>
Excess of expenditure over revenue	(84,451)	(114,750)	(2,068)
Surplus, beginning of year	<u>74,334</u>	<u>74,334</u>	<u>76,402</u>
Surplus, (Deficit) end of year before transfer	(10,117)	(40,416)	74,334
Transfer from capital account (Note 5)	<u>100,000</u>	-	-
Surplus (Deficit), end of year	<u>\$ 89,883</u>	<u>\$ (40,416)</u>	<u>\$ 74,334</u>

See accompanying notes

C.A. PIPPY PARK COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u>	<u>1999</u>
Cash flows from operating activities		
Excess of expenditure over revenue	\$ (84,451)	\$ (2,068)
Adjustments for non-cash items		
Amortization	<u>16,448</u>	<u>9,652</u>
	(68,003)	7,584
Change in non-cash working capital		
Accounts receivable	45,814	184,308
Prepaid expenses	6,651	(1,848)
Prepaid supplies	2,059	(183)
Merchandise inventory	681	(1,847)
Accounts payable and accrued liabilities	18,738	11,751
Deferred revenue	<u>(1,259)</u>	<u>(44,205)</u>
	4,681	155,560
Change in accrued severance pay	<u>10,511</u>	<u>3,314</u>
	<u>15,192</u>	<u>158,874</u>
Cash flows used in investing activities		
Additions to capital assets	<u>(199,868)</u>	<u>(169,882)</u>
Cash flows from financing activities		
Capital grants	-	200,000
Proceeds from lease obligation	64,714	10,500
Repayment of lease obligation	<u>(14,444)</u>	<u>(6,379)</u>
	<u>50,270</u>	<u>204,121</u>
Net (decrease) increase in cash	(134,406)	193,113
Cash at beginning of year	<u>430,866</u>	<u>237,753</u>
Cash at end of year	<u>\$ 296,460</u>	<u>\$ 430,866</u>

See accompanying notes

C.A. PIPPY PARK COMMISSION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

Authority

The C.A. Pippy Park Commission (the Commission) was incorporated in 1968 and operates under authority of the Pippy Park Commission Act. The purpose of the Commission is to provide a park-like setting to house the headquarters of the Provincial Government, as well as various government, cultural, educational facilities and Memorial University of Newfoundland. Its affairs are managed by a Board of Commissioners the majority of which are appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Commission in accordance with generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Capital assets

- (i) All capital assets are capitalized at cost at the time of acquisition. Government assistance towards the acquisition of capital assets is deducted from the related capital asset cost with any amortization calculated on the net amount. Amortization is calculated using the declining balance method based on the expected future life of all assets as follows:

Furniture, equipment and vehicles	30%
Recreation centres	10%
Buildings	10%
Park Improvements	10%

- (ii) Capital assets are financed primarily through capital grants from the Province of Newfoundland. The expended portion of these grants is deducted from capital assets on the balance sheet. The unexpended portion is reported in the equity section on the balance sheet.
- (iii) The cost of building acquisitions is included with land where the primary reason for purchasing the properties is to acquire the land. Where the Commission intends to maintain the buildings for Park use, cost is allocated between land and buildings.

C.A. PIPPY PARK COMMISSION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

1. Significant accounting policies (cont.)

(b) Severance pay

Severance pay is calculated based upon years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continual service, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment in the public service. If the employee transfers to another entity included in the public service, then the liability is transferred with the employee to the other entity.

(c) Deferred revenue

Deferred revenue represents revenue relating to future operating periods. The revenue will be reported in the applicable future period to which it relates.

2. Accounts receivable

	<u>2000</u>	<u>1999</u>
Province of Newfoundland	\$14,770	\$106,000
Trade	37,734	23,401
Management fee	25,000	-
Harmonized sales tax, accrued interest and other	<u>12,279</u>	<u>9,347</u>
	89,783	138,748
Less: allowance for doubtful accounts	<u>2,104</u>	<u>5,255</u>
	<u>\$87,679</u>	<u>\$133,493</u>

C.A. PIPPY PARK COMMISSION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

3. Capital assets

	2000				1999
	<u>Cost</u>	<u>Capital Grants</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land (Note 3 (a))					
Park	\$ 7,354,876	\$ 7,354,876	\$ -	\$ -	\$ -
Golf course (Note 8)	<u>1,809,696</u>	<u>1,809,696</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>9,164,572</u>	<u>9,164,572</u>	<u>-</u>	<u>-</u>	<u>-</u>
Furniture, equipment and vehicles					
Office furniture and equipment	46,379	30,464	14,996	919	-
Furniture and equipment - 19th Hole Lounge	13,645	13,645	-	-	-
North Bank Lodge	15,540	15,540	-	-	-
Trailer park	4,295	4,295	-	-	-
Equipment	114,766	97,470	17,296	-	-
Vehicles	119,209	119,209	-	-	-
Equipment under capital lease - 19th Hole Lounge	<u>91,748</u>	<u>9,447</u>	<u>21,114</u>	<u>61,187</u>	<u>12,511</u>
	<u>405,582</u>	<u>290,070</u>	<u>53,406</u>	<u>62,106</u>	<u>12,511</u>
Recreation centres					
19th Hole Lounge	122,409	76,640	39,562	6,207	6,897
North Bank Lodge	47,709	38,132	8,023	1,554	1,727
Admiral's Quarters	<u>5,424</u>	<u>5,424</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>175,542</u>	<u>120,196</u>	<u>47,585</u>	<u>7,761</u>	<u>8,624</u>
Buildings					
Trailer park service buildings	351,013	351,013	-	-	-
Headquarters	81,162	81,162	-	-	-
Mercer Animal Farm	177,881	98,138	67,075	12,668	14,076
Mechanic shop	44,172	16,969	23,251	3,952	4,391
Greenhouses	56,539	56,539	-	-	-
Registration offices	<u>55,650</u>	<u>51,738</u>	<u>3,105</u>	<u>807</u>	<u>896</u>
	<u>766,417</u>	<u>655,559</u>	<u>93,431</u>	<u>17,427</u>	<u>19,363</u>
Other assets					
Park improvements	<u>1,031,727</u>	<u>989,769</u>	<u>33,621</u>	<u>8,337</u>	<u>9,264</u>
	<u>\$11,543,840</u>	<u>\$11,220,166</u>	<u>\$228,043</u>	<u>\$95,631</u>	<u>\$ 49,762</u>

C.A. PIPPY PARK COMMISSION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

3. Capital assets (cont.)

(a) Capital assets not included in financial statements

Land purchased directly by the Provincial Government and forming part of C.A. Pippy Park is not recorded in these financial statements. The land recorded in these financial statements represents land purchased directly by the Commission from capital grants.

Capital improvements made by third parties are not recorded in these financial statements.

(b) Title to Commission property

The Pippy Park Commission Act states in Section 10(4) that the title to property of the Commission shall be vested in the name of the Minister, for the Crown.

4. Obligations under capital lease

	<u>2000</u>	<u>1999</u>
Obligations under capital lease	\$61,715	\$11,445
Less: current portion	<u>19,605</u>	<u>8,993</u>
	<u>\$42,110</u>	<u>\$2,452</u>

Future minimum lease payments under capital lease are:

2001	\$ 19,605
2002	15,839
2003	15,839
2004	15,839
2005	<u>6,600</u>
	73,722
Less: interest portion of payments	<u>12,007</u>
	<u>\$61,715</u>

The capital leases are secured by equipment having a net book value of \$61,187.

5. Unexpended capital funds

At a meeting held 29 March 2000, the Commission approved the transfer of \$100,000 from its unexpended capital funds to offset the projected deficit for the 2000 fiscal year.

The amounts recorded as unexpended capital funds were provided by the Province of Newfoundland in the past to assist the Commission with the acquisition of capital assets.

C.A. PIPPY PARK COMMISSION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

6. Related party transactions

Province of Newfoundland

- (a) During the year, the Commission recorded \$26,020 (1999 - \$174,000) in operating revenue and nil (1999 - \$200,000) in capital grants from the Province.
- (b) Services and rental revenue include a significant volume of transactions with the Province as a result of ongoing contracts.

7. Income from other revenue producing activities

	<u>2000</u>		<u>1999</u>
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
19th Hole Lounge	\$152,772	\$120,000	\$145,769
Admiral's Quarters	93,168	70,000	76,887
North Bank Lodge	<u>20,284</u>	<u>20,000</u>	<u>22,244</u>
	266,224	210,000	244,900
Less: cost of goods sold	<u>130,001</u>	<u>102,000</u>	<u>132,454</u>
	<u>\$136,223</u>	<u>\$108,000</u>	<u>\$112,446</u>

8. Golf course

In August 1989, the Province of Newfoundland (the Province) and the Commission entered into a lease agreement with Thomas Development (1989) Corporation (the Corporation) wherein the Province provided land, previously purchased by the Commission and included within the boundaries of C.A. Pippy Park, and the Corporation agreed to construct an 18 hole golf course along with an access road thereto. The lease had an initial term of ten years and provided for a maximum of three five-year extensions for a total of twenty-five years.

The Corporation surrendered the lease on 20 November 1997 and entered into a Management Agreement with the Commission which has a term from 20 November 1997 to 31 December 2004. The Agreement is for the management and operation of both the 9 hole and 18 hole golf courses.

C.A. PIPPY PARK COMMISSION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

8. Golf course (cont.)

Under the terms of the Agreement, the Corporation is required to pay the following fixed management fees to the Commission: 1997 - \$50,000; 1998 - \$100,000; 1999 - \$150,000; 2000 - \$200,000; and for each of 2001 to 2004 - \$250,000. The final \$25,000 instalment payment for 1999 management fees has been deferred until 2000. The Corporation is required to set aside each year, as an Expansion and Betterment Fund, its adjusted net income in excess of the payments made to the Commission. During the term of the Agreement the Corporation may use the excess of its adjusted net income to pre-pay its debt, as defined in the Agreement, instead of contributing to the Fund.

In addition, the terms of the Agreement require the Corporation to construct a clubhouse on or before the expiration of the calendar year 2000. Under the agreement the clubhouse is to be operated and managed exclusively by the Commission or its agent and the revenues from the clubhouse, exclusive of those from the pro shop, will be the sole property of the Commission. If the Commission chooses to exercise its right to operate the clubhouse through a third party, the Corporation will have a right of first refusal to operate and manage the clubhouse. The clubhouse was opened during 1997 and is currently being operated by the Commission.

9. Pensions

The Commission and its staff are subject to the Public Service Pensions Act. Employee contributions are matched by the Commission and then remitted to the Province of Newfoundland Pooled Pension Fund from which pensions will be paid to employees when they retire. The Commission's share of pension contributions for 2000 was \$24,329 (1999 - \$22,779).

10. Operating lease obligation

A vehicle has been leased for a three-year term commencing 1 June 1998. Future minimum lease payments for the next two years are as follows:

2001	\$3,567
2002	595

11. Contingent liabilities

- (a) A Statement of Claim has been served on the Commission by the Registrar of the Supreme Court of Newfoundland. The Statement of Claim results from the failure of the Commission to purchase a parcel of land which is included within the boundaries of the Park or to release this parcel of land for sale to other parties. The land is comprised of 40.2 acres in total, 17.0 acres of which is included within the boundaries of the Park. The likelihood of loss as a result of this Statement of Claim is not determinable and the amount of the loss is not reasonably estimable. Her Majesty the Queen in the Right of Newfoundland, as represented by the Minister of Works, Services and Transportation is named as a Second Defendant in the Statement of Claim.

C.A. PIPPY PARK COMMISSION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

11. Contingent liabilities (cont.)

- (b) A Statement of Claim against the operator of the golf course was filed in the Supreme Court of Newfoundland in July 1999. The Statement of Claim results from a personal injury suffered on the golf course. The Commission is named as a Second Defendant in the Statement of Claim and Her Majesty the Queen in the Right of Newfoundland is named Third Defendant. The Statement of Claim was not served on the parties named until June 2000. The likelihood of loss as a result of this Statement of Claim is not determinable and the amount of the loss is not reasonably estimable.

12. Financial instruments

The Commission's financial instruments recognized in the Balance Sheet consist of cash, accounts receivable, accounts payable and accrued liabilities, and obligations under capital lease, the carrying values of which approximate fair value due to the short-term maturity or current market rate associated with these instruments.

13. Income taxes

The Commission is a Crown entity of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

14. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member Firm of
Grant Thornton International

Grant Thornton 

**Central East Health Care
Institutions Board
Financial Statements**
March 31, 2000

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Auditors' Report

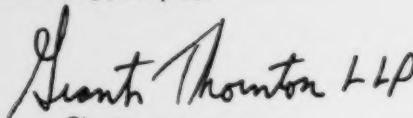
To the Board of Directors
Central East Health Care Institutions Board

We have audited the consolidated balance sheet of the Central East Health Care Institutions Board as at March 31, 2000 and the consolidated statements of net assets, revenue and expenditures and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2000 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

Grand Falls-Windsor, Newfoundland
June 27, 2000


Chartered Accountants

Central East Health Care Institutions Board **Consolidated Statement of Revenue and Expenditure** (Restated)

Year Ended March 31

2000

1999

Revenue

Provincial plan	\$ 42,830,560	\$39,672,940
MCP physicians salaries	5,324,204	4,508,967
Patient-resident services	3,211,644	2,989,083
Mortgage interest subsidy	170,704	170,704
Other income	1,207,542	998,644
Special funding - enhanced severance		50,945
Capital project funding	299,537	283,750
	<u>53,044,191</u>	<u>48,675,033</u>
Board fund revenue	342,532	447,576
	<u>53,386,723</u>	<u>49,122,609</u>

Expenditure

Administration	5,800,963	5,698,091
Support services	12,681,152	11,979,959
Nursing inpatient services - Acute	12,895,230	11,364,850
Nursing inpatient services - L.T.C.	6,585,852	5,900,951
Ambulatory care services	3,067,284	2,732,922
Diagnostic and therapeutic services	7,088,901	6,775,018
Medical services	6,348,210	5,581,450
Education services	368,350	384,385
	<u>54,835,942</u>	<u>50,417,626</u>

Deficit prior to other operations and special funding by Department of Health

(1,449,219) (1,295,017)

Primary Health Enhancement Project - Net

(3,849) (14,266)

Bonnews Lodge day care program - Net

(1,569) (2,563)

Deficit prior to special funding by Department of Health

(1,454,637) (1,311,846)

Special funding by Department of Health for prior years deficit reduction

2,368,000

Surplus (deficit) prior to other operations

(1,454,637) 1,056,154

Amortization of deferred capital grants

(2,096,222) (2,001,422)

Depreciation

2,096,222 2,001,422

Increase in accrued vacation pay

(638,147) (93,636)

Increase in accrued severance pay

(573,848) (562,160)

(2,666,632) 400,358

Board fund expenditure

(441,612) (514,441)

Gain on sale of capital assets

59,939

Excess of expenditure over revenue

\$ (3,048,305) \$ (114,083)

See accompanying notes to the financial statements.

Central East Health Care Institutions Board

Consolidated Balance Sheet

March 31

2000

(Restated)

1999

Assets

Current

Receivables (Note 3)	\$ 3,479,661	\$ 4,311,985
Inventories (Note 4)	670,831	742,970
Prepays (Note 5)	<u>1,768,578</u>	<u>1,458,152</u>
	5,919,070	6,513,107

Sponsorships and advances receivable (Note 6)	173,666	171,339
Due from NLHC for replacement reserve	122,081	106,879
Trust funds held on deposit	163,257	148,707
Capital assets (Note 7)	<u>19,900,623</u>	<u>20,369,710</u>
	<u>\$ 26,278,697</u>	<u>\$27,309,742</u>

Liabilities

Current

Bank indebtedness	\$ 2,557,497	\$ 2,613,951
Payables and accruals (Note 8)	4,098,772	5,354,066
Accrued vacation pay	2,839,978	2,205,566
Deferred capital equipment donations	242,845	
Deferred capital grants	2,902,405	675,546
Current portion of obligations under capital lease	239,000	321,494
Current portion of long term debt	147,578	139,214
Current portion of accrued severance pay	<u>250,000</u>	<u>230,000</u>
	13,278,075	11,539,837

Trust funds payable	163,257	148,707
Accrued severance pay	5,446,748	4,892,901
Long term debt (Note 9)	4,488,387	4,527,935
Obligations under capital lease (Note 10)	298,664	465,714
Deferred contributions-unamortized portion of capital assets (Note 11)	<u>14,287,528</u>	<u>14,389,077</u>
Replacement reserve	122,081	106,879
J.M. Olds scholarship fund and library fund	<u>78,356</u>	<u>74,786</u>
	<u>38,163,096</u>	<u>36,145,836</u>

Net Assets

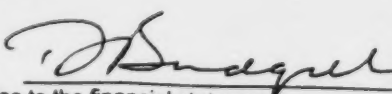
Net assets invested in capital assets (Page 4)	545,734	526,235
Unrestricted net assets (Page 4)	<u>(12,430,133)</u>	<u>(9,362,329)</u>
	<u>(11,884,399)</u>	<u>(8,836,094)</u>
	<u>\$ 26,278,697</u>	<u>\$27,309,742</u>

Commitments and contingency (Notes 12 and 13)

On behalf of the Board



Director



Director

See accompanying notes to the financial statements

Grant Thornton

Central East Health Care Institutions Board
Consolidated Statement of Changes in Net Assets (Restated)
Year Ended March 31 2000 1999

	<u>Invested in Capital Assets</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year As previously stated	\$ 526,235	\$ (8,976,675)	\$ (8,450,440)	\$ (8,722,011)
Adjustment for error in prior years wage accrual	_____	<u>(385,654)</u>	<u>(385,654)</u>	_____
Balance, beginning of year Restated	526,235	(9,362,329)	(8,836,094)	(8,722,011)
Excess of expenditure over revenue		(3,048,305)	(3,048,305)	(114,083)
Reallocate board depreciation expense	(31,684)	31,684		
Principal reduction of long term debt	7,759	(7,759)		
Fixed asset additions net of mortgage proceeds	<u>43,424</u>	<u>(43,424)</u>	_____	_____
Balance, end of year	\$ <u>545,734</u>	\$ <u>(12,430,133)</u>	\$ <u>(11,884,399)</u>	\$ <u>(8,836,094)</u>

See accompanying notes to the financial statements.

Central East Health Care Institutions Board

Consolidated Statement of Cash Flows

Year Ended March 31

2000

(Restated)

1999

Cash derived from (applied to)

Operating

Excess of expenditure over revenue	\$(3,048,305)	\$ (114,083)
Amortization	2,139,596	2,042,127
Net allocation to replacement reserve	8,411	10,008
Debt principal retired through revenue	121,984	102,146
Lease principal retired through revenue	323,044	304,783
Amortization of deferred capital grants	<u>(2,096,222)</u>	<u>(2,001,422)</u>
	(2,551,492)	343,559

Change in non-cash operating working capital

Receivables	817,122	(3,107,942)
Inventories	72,139	35,079
Prepays	(310,426)	(38,021)
Payables and accruals	(1,255,293)	1,813,874
Accrued vacation pay	634,413	93,637
Accrued severance pay	573,847	562,161
Foundation donations deferred	242,845	
Deferred grants	<u>2,226,859</u>	<u>378,843</u>
	<u>450,014</u>	<u>81,190</u>

Investing

Additions to capital assets	(1,596,812)	(2,427,202)
Additions to leased capital assets	(73,500)	(143,059)
Scholarship funds allocated from current assets		74,232
Sponsorships advanced during year	(61,347)	
Sponsorships and advances repaid	<u>59,020</u>	
	<u>(1,672,639)</u>	<u>(2,496,029)</u>

Financing

Repayment of long term debt	(141,433)	(121,844)
Repayment of lease obligation	(323,044)	(304,783)
Transfer from scholarship funds	3,570	554
Interest income earned by replacement reserve	6,792	6,200
Grants received for the purchase of capital assets	1,499,644	2,249,499
Donations received for the purchase of capital assets	49,800	107,309
Proceeds from mortgage on land and buildings	110,250	
Additions to capital leases	73,500	143,059
Suppliers equipment loans		<u>70,393</u>
	<u>1,279,079</u>	<u>2,150,387</u>

Net increase (decrease) in cash 56,454 (264,452)

Cash, net of bank indebtedness

Beginning of year	<u>(2,613,951)</u>	<u>(2,349,499)</u>
End of year	<u>\$(2,557,497)</u>	<u>\$ (2,613,951)</u>

See accompanying notes to the financial statements.

Grant Thornton

Central East Health Care Institutions Board

Operating Fund Statement of Revenue and Expenditure

Year Ended March 31	2000	(Restated) 1999
Revenue		
Provincial plan	\$42,830,560	\$ 39,672,940
MCP physicians salaries	5,324,204	4,508,967
Inpatient services	659,642	482,206
Outpatient services	438,154	331,637
Resident revenue - LTC	2,113,848	2,175,240
Mortgage interest subsidy	170,704	170,704
Special funding-enhanced severance		50,945
Capital project funding	299,537	283,750
Recoveries - services	484,123	470,455
Recoveries - salaries	601,692	460,513
Other miscellaneous revenue	121,727	67,676
	<u>53,044,191</u>	<u>48,675,033</u>
Expenditure		
Administration	5,800,963	5,698,091
Support services	12,681,152	11,979,959
Nursing inpatient services - Acute	12,895,230	11,364,850
Nursing inpatient services - LTC	6,585,852	5,900,951
Ambulatory care services	3,067,284	2,732,922
Diagnostic and therapeutic services	7,088,901	6,775,018
Medical services	6,348,210	5,581,450
Education services	368,350	384,385
	<u>54,835,942</u>	<u>50,417,626</u>
Deficit prior to other operations and special funding by Department of Health	(1,791,751)	(1,742,593)
Primary Health Enhancement project - net	(3,849)	(14,266)
Bonnews Lodge day care program - net	<u>(1,569)</u>	<u>(2,563)</u>
Deficit prior to special funding by Department of Health	(1,797,169)	(1,759,422)
Special funding by Department of Health for prior years deficit reduction		<u>2,368,000</u>
(Deficit) surplus prior to other operations	(1,797,169)	608,578
Adjustments for non-shareable items		
Amortization of deferred capital equipment grants	(2,096,222)	(2,001,422)
Depreciation	2,096,222	2,001,422
Increase in accrued vacation pay	(638,147)	(93,636)
Increase in accrued severance pay	<u>(573,848)</u>	<u>(562,160)</u>
Excess of expenditure over revenue	\$ (3,009,164)	\$ (47,218)

See accompanying notes to the financial statements

Central East Health Care Institutions Board **Operating Fund Balance Sheet**

March 31

2000

(Restated)

1999

Assets

Current

Receivables (Note 3)	\$ 3,461,057	\$ 4,311,985
Due from board fund	185,851	344,350
Inventories (Note 4)	670,831	742,970
Prepays (Note 5)	<u>1,766,998</u>	<u>1,458,152</u>
	6,084,737	6,857,457

Trust funds held on deposit	163,257	148,707
-----------------------------	---------	---------

Capital assets (Note 7)	<u>18,493,279</u>	<u>19,072,663</u>
	<u>\$24,741,273</u>	<u>\$ 26,078,827</u>

Liabilities

Current

Bank indebtedness	\$ 2,566,220	\$ 2,618,906
Payables and accruals (Note 8)	4,094,126	5,346,421
Accrued vacation pay	2,839,979	2,205,566
Deferred capital grants	2,902,405	675,546
Current portion of obligations under capital lease	239,000	321,494
Current portion of long term debt	127,078	122,916
Current portion of accrued severance pay	<u>250,000</u>	<u>230,000</u>

13,018,808 11,520,849

Trust funds payable	163,257	148,707
Accrued severance pay	5,446,748	4,892,901
Long term debt (Note 9)	3,620,075	3,746,222
Obligations under capital leases (Note 10)	298,664	465,714
Deferred contributions - unamortized portion of capital assets (Note 11)	<u>14,287,528</u>	<u>14,389,077</u>
	<u>36,835,080</u>	<u>35,163,470</u>

Net assets

Net assets invested in capital assets (Page 8)	27,239	27,239
Unrestricted net assets (Page 8)	<u>(12,121,046)</u>	<u>(9,111,882)</u>
	<u>(12,093,807)</u>	<u>(9,084,643)</u>
	<u>\$ 24,741,273</u>	<u>\$ 26,078,827</u>

Commitments and contingency (Notes 12 and 13)

See accompanying notes to the financial statements.

Grant Thornton

Central East Health Care Institutions Board
Operating Fund Statement of Changes in Net Assets (Restated)
Year Ended March 31 2000 1999

	Invested in <u>Capital Assets</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year As previously stated	\$ 27,239	\$ (8,726,228)	\$ (8,698,989)	\$ (9,037,425)
Adjustment for error in prior years wage accrual	_____	<u>(385,654)</u>	<u>(385,654)</u>	_____
Balance, beginning of year Restated	27,239	(9,111,882)	(9,084,643)	(9,037,425)
Excess of expenditure over revenue	_____	<u>(3,009,164)</u>	<u>(3,009,164)</u>	<u>(47,218)</u>
Balance, end of year	<u>\$ 27,239</u>	<u>\$ (12,121,046)</u>	<u>\$ (12,093,807)</u>	<u>\$ (9,084,643)</u>

See accompanying notes to the financial statements.

Central East Health Care Institutions Board
Operating Fund
Statement of Cash Flows

Year Ended March 31

2000

(Restated)

1999

Cash flows derived from (applied to)

Operating

Excess of expenditure over revenue	\$ (3,009,164)	\$ (47,218)
Amortization	2,096,222	2,001,422
Debt principal retired through revenue	121,984	102,346
Lease principal retired through revenue	323,044	304,783
Amortization of deferred capital grants	<u>(2,096,222)</u>	<u>(2,001,422)</u>
	(2,564,136)	359,911

Change in non-cash operating working capital

Receivables	850,928	(2,937,718)
Inventories	72,139	35,079
Prepays	(308,846)	(38,021)
Payables and accruals	(1,252,295)	1,809,945
Accrued vacation pay	634,413	93,637
Accrued severance pay	573,847	562,161
Change in due from Board Fund	158,499	(116,744)
Deferred grants	<u>2,226,859</u>	<u>378,843</u>
	<u>391,408</u>	<u>147,093</u>

Investing

Additions to capital assets	(1,443,138)	(2,427,202)
Additions to leased capital assets	<u>(73,500)</u>	<u>(143,059)</u>
	<u>(1,516,638)</u>	<u>(2,570,261)</u>

Financing

Repayment of long term debt	(121,984)	(102,346)
Repayment of leasing obligation	(323,044)	(304,783)
Grants received for purchase of capital assets	1,499,644	2,249,498
Donations received for purchase of capital assets	49,800	107,309
Additions to capital leases	73,500	143,059
Suppliers equipment loans		70,393
	<u>1,177,916</u>	<u>2,163,130</u>

Net increase (decrease) in cash	52,686	(260,038)
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Cash, net of bank indebtedness

Beginning of year	<u>(2,618,906)</u>	<u>(2,358,868)</u>
End of year	\$ <u>(2,566,220)</u>	\$ <u>(2,618,906)</u>

See accompanying notes to the financial statements.

Central East Health Care Institutions Board
Board Fund Statement of Revenue, Expenditure
and Net Assets

Year Ended March 31	2000	1999
Revenue		
Real estate rentals	\$ 20,368	\$ 31,110
Interest	55,294	3,139
Differentials	27,135	24,858
Other	<u> </u>	<u>15,424</u>
	102,797	74,531
 Bonnews Lodge Apartment Complex	 124,464	 146,933
Central Northeast Health Foundation	<u>118,363</u>	<u>226,112</u>
	<u>345,624</u>	<u>447,576</u>
Expenditure		
Real estate, including amortization of \$31,684	130,112	129,379
Non-shareable costs	<u>13,324</u>	<u>13,208</u>
	143,436	142,587
 Bonnews Lodge Apartment Complex	 124,464	 146,933
Central Northeast Health Foundation	<u>176,804</u>	<u>224,921</u>
	<u>444,704</u>	<u>514,441</u>
 Excess of expenditure over revenue	 (99,080)	 (66,865)
 Gain on sale of capital assets	 <u>59,939</u>	 <u> </u>
 Excess of expenditure over revenue	 (39,141)	 (66,865)
Net Assets		
 Balance, beginning of year	 <u>248,549</u>	 <u>315,414</u>
 Balance, end of year	 <u>\$ 209,408</u>	 <u>\$ 248,549</u>

See accompanying notes to the financial statements.

Central East Health Care Institutions Board **Board Fund Balance Sheet**

March 31	2000	1999
Assets		
Current		
Cash	\$ 8,723	\$ 4,954
Salary grants receivable	11,955	
Prepays	1,580	
Due from Newfoundland & Labrador Housing Corporation	<u>6,649</u>	
	28,907	4,954
Sponsorships and advances receivable (Note 6)	173,666	171,339
Due from N.L.H.C. for replacement reserve	122,081	106,879
Capital assets (Note 7)	<u>1,407,345</u>	<u>1,297,048</u>
	<u>\$ 1,731,999</u>	<u>\$ 1,580,220</u>
Liabilities		
Current		
Due to Newfoundland & Labrador Housing Corporation		\$ 3,449
Accrued interest	\$ 4,646	4,196
Deferred donations	242,845	
Current portion of long term debt	<u>20,500</u>	<u>16,298</u>
	267,991	23,943
Long term debt (Note 9)	868,312	781,713
Due to Central East Health Care Institutions Board	185,851	344,350
Replacement reserve	122,081	106,879
J.M. Olds scholarship fund and library fund	<u>78,356</u>	<u>74,786</u>
	<u>1,522,591</u>	<u>1,331,671</u>
Net assets		
Net assets invested in		
Capital assets	518,495	498,996
Unrestricted net assets	<u>(309,087)</u>	<u>(250,447)</u>
	<u>209,408</u>	<u>248,549</u>
	<u>\$ 1,731,999</u>	<u>\$ 1,580,220</u>

Commitments and contingency (Notes 12 and 13)

See accompanying notes to the financial statements.

Central East Health Care Institutions Board **Board Fund Statement of Cash Flows**

Year Ended March 31

2000

1999

Cash provided from (applied to)

Operating

Excess of expenditure over revenue	\$ (39,141)	\$ (66,865)
Amortization	43,374	40,705
Net allocation to replacement reserve	<u>8,411</u>	<u>10,008</u>
	12,644	(16,152)
Changes in non-cash operating working capital		
Receivables	(33,806)	(170,424)
Prepays	(1,580)	
Payables and accruals	(2,999)	3,929
Donations deferred	<u>242,845</u>	
	<u>217,104</u>	<u>(182,647)</u>

Investing

Acquisition of capital assets	(153,672)	
Scholarship funds allocated from current assets		74,232
Sponsorships advanced during the year	(61,347)	
Sponsorships and advances repaid	<u>59,020</u>	
	<u>(155,999)</u>	<u>74,232</u>

Financing

Interest income earned by J.M. Olds Scholarship Fund	4,820	4,691
Interest income earned by replacement reserve	6,792	6,200
Transfer from scholarship funds	(1,250)	(4,137)
Proceeds from mortgage on land and buildings	110,250	
Repayment of long term debt	(19,449)	(19,498)
(Decrease) increase in due to Central East Health Care Institutions Board operating fund	<u>(158,499)</u>	<u>116,744</u>
	<u>(57,336)</u>	<u>104,000</u>

Net decrease in cash	3,769	(4,415)
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Cash

Beginning of year	<u>4,954</u>	<u>9,369</u>
End of year	<u>\$ 8,723</u>	<u>\$ 4,954</u>

See accompanying notes to the financial statements

Central East Health Care Institutions Board

Notes to the Financial Statements

March 31, 2000

1. Nature of operations

These financial statements reflect the operating assets, liabilities, net assets, revenues and expenditures of the following facilities and clinics operated by the Central East Health Care Institutions Board.

Facilities

James Paton Memorial Hospital
Fogo Island Hospital
Notre Dame Memorial Health Centre
Brookfield Bonnews Health Care Centre

Lakeside Homes
Bonnews Lodge Apartment Complex
Central Northeast Health Foundation

Clinics

Carmanville
Centreville
Gambo
Gander Bay

Glovertown
Hare Bay
Musgrave Harbour
New World Island
St. Brendan's

The operations of the above entities were primarily funded by the Government of Newfoundland and Labrador (the Government) to provide health care services on the Government's behalf, causing all entities to be effectively under common control. As a result, these financial statements have been prepared using a pooling of interest method of accounting. Under this method, the book values of assets, liabilities and net assets of each of the entities being combined are added together to form the combined value of assets, liabilities and net assets of the Board.

2. Summary of significant accounting policies

The financial statements of the Board have been prepared within the framework of generally accepted accounting principles which requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the Board are as follows:

Basis of presentation

The Board applies fund accounting principles in recording its financial transactions in the Operating Fund and Board Fund.

The Operating Fund contains all the operating assets, liabilities, revenue and expenditure of the Board related to the provision of hospital services. The assets of the Operating Fund are available for the satisfaction of debts, contingent liabilities and commitments of the Board.

Central East Health Care Institutions Board

Notes to the Financial Statements

March 31, 2000

2. Summary of significant accounting policies (cont'd)

Basis of presentation (cont'd)

The Board Fund contains special purpose assets and those which may be expended at the discretion of the Board. Revenue consists mainly of investment income and revenue not directly related to hospital operations. Expenditures of this fund consist of hospital operating expenditures not shared by government and those approved by the Board.

Inventories

Inventories are valued determined on the first in first out basis as follows:

General stores, at average cost
Drugs, at cost

Capital assets

The Corporation has recorded all capital assets over which it has control although title to certain of these assets rests with the Government. Capital assets recorded prior to the merger are recorded at either cost, nominal, or approximate fair value, on the basis of accounting used by the predecessor entities. Capital assets acquired after April 1, 1995 are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Depreciation is recorded on a straight-line basis over the estimated useful lives of the related assets at the following rates:

Hospital buildings and service equipment:	
Gander	2.50%
Brookfield	5.00%
Fogo	5.00%
Notre Dame Bay Memorial Health Care	2.50%
Bonnews Lodge	2.50%
Residences	2.50%
District buildings and service equipment	5.00%
Equipment	6.25%
Motor vehicles	20.00%

Construction in progress is not depreciated until the project is substantially complete at which time the project costs are transferred to buildings and renovations and depreciated accordingly.

Minor equipment purchases are charged to operations in the year of acquisition.

In addition, the Bonnews Lodge Apartment Complex building and equipment is being amortized at a rate equal to the annual principal reduction of the mortgage related to this property. This is in accordance with an operating agreement with Newfoundland and Labrador Housing Corporation.

As of the date of the Auditors' Report no values were available from the Provincial Government on the redevelopment and upgrading of facilities at the James Paton Memorial Hospital.

Central East Health Care Institutions Board

Notes to the Financial Statements

March 31, 2000

2. Summary of significant accounting policies (cont'd)

Capital and operating leases

A lease that transfers substantially all of the benefits and risks incidental to ownership of property is accounted for as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value. Assets acquired under capital leases are amortized on the same basis as other capital assets. All other leases are accounted for as operating leases and the payments are expensed as incurred.

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on a straight-line basis using the same rates as depreciation expense related to the capital assets purchased. Capital contributions for non-depreciable capital assets are recorded as direct increases in net assets.

Replacement reserve

In accordance with agreements with the Newfoundland Labrador Housing Corporation, the Board is required to fund a replacement reserve in an annual amount set by the Newfoundland and Labrador Housing Corporation. This allocation of funds is expensed annually and added to the liability account "Replacement Reserve". The use and disposition of reserve funds are subject to the approval of the Newfoundland Labrador Housing Corporation.

Disbursements from the replacement reserve are charged against the Replacement Reserve liability account and does not affect current operating results.

Revenue recognition

Central East Health Care Institutions Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collections is reasonably assured.

Contributions related to capital assets are deferred and amortized to revenue and the same rates at which the related capital assets are amortized.

Revenue from donations, including pledges, is recognized as revenue when received or when related expenses are incurred. Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

Revenue from the sale of goods and services is recognized at the time the goods are delivered or the services are provided.

Central East Health Care Institutions Board

Notes to the Financial Statements

March 31, 2000

2. Summary of significant accounting policies (cont'd)

Revenue recognition (cont'd)

In accordance with the Department of Health's budget plan, the accumulated surplus (deficit) of all Provincial Health Boards was to remain in the Operating Funds for the March 31, 1997 to March 31, 1999 fiscal periods. Subsequent to March 31, 1999, the Department of Health was to review the results of the three years operations and provide further guidance to all Boards. As at the date of release of these financial statements, the Department of Health has not completed its review and, as such, these financial statements do not include any transfers of surpluses or deficits from the Operating Fund to the Board Fund for the March 31, 1997 to March 31, 2000 fiscal periods.

Budget incentive

The Board is reimbursed by the Department of Health for the total of its operating costs, after deduction of specified revenue and expenditure, to the extent of the approved budget.

The final amount receivable from or payable to the Department will not be determined until the Department has completed its review of the Board's financial and statistical returns. The management of the Board considers the amount recorded as receivable from or payable to the Department to be inclusive of all proper adjustments. Subsequent adjustments resulting from the Department's review will be reflected in the statement of revenue and expenditure in the period of adjustment.

For the fiscal years 1997 to 1999, the Board is permitted to retain any savings from the approved budget.

Accrued severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Board.

Pension costs

Employees of the Board are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Province of Newfoundland. Contributions to the plans are required from both the employees and the Board. The annual contributions for pensions are recognized in the accounts on a current basis.

Contributed services

Volunteers contribute many hours per year to assist the Board in carrying out its service delivery activities. Due to the difficulty of determining fair value, contributed services are not recognized in the financial statements.

Central East Health Care Institutions Board

Notes to the Financial Statements

March 31, 2000

3. Receivables

	<u>2000</u>		<u>1999</u>
	<u>Operating Fund</u>	<u>Board Fund</u>	<u>Total</u>
Provincial plan revenue grants – current year	\$1,482,671		\$ 701,054
Provincial plan revenue grants – prior years deficit fund			2,368,000
Grants - capital assets	858,406		136,048
Patients, capital donations, rents and other	671,538	\$ 11,955	693,246
MCP	374,099		155,348
HST	129,268		302,708
Newfoundland and Labrador Housing Corporation		6,649	
	3,515,982	18,604	4,356,404
Allowance for doubtful accounts	54,925		44,419
	<u>\$3,461,057</u>	<u>\$ 18,604</u>	<u>\$4,311,985</u>

4. Inventories

	<u>2000</u>	<u>1999</u>
General stores	\$ 366,104	\$ 362,719
Drugs	<u>304,727</u>	<u>380,251</u>
	<u>\$ 670,831</u>	<u>\$ 742,970</u>

5. Prepaids

	<u>2000</u>	<u>1999</u>
Operating		
Deposit on equipment leases	\$ 114,098	\$ 22,549
Equipment maintenance contracts	207,783	205,810
Malpractice insurance	93,798	44,466
Workers' Compensation	1,155,557	1,135,582
Other	<u>195,762</u>	<u>49,745</u>
	1,766,998	1,458,152
Board fund	<u>1,580</u>	
	<u>\$1,768,578</u>	<u>\$1,458,152</u>

Central East Health Care Institutions Board

Notes to the Financial Statements

March 31, 2000

6. Sponsorships and advances receivable	2000	1999
Board Fund		
Dr. Ohson – non-interest bearing loan to fund family practice residency at Memorial University. Repayable through the foregoing of the Fogo Island Incentive (\$24,000) annually.	\$ 51,898	\$ 57,863
Dr. Yousif – Five year orthopedic residency loan, interest accruing on the first of each month at the prime rate of the Bank of Nova Scotia plus 1% as set each July 1. Total estimated loan before repayment commences \$188,000. Repayments to commence September 1, 2002.	119,675	69,439
Dr. Van Wyck – non-interest bearing loan advanced for the purposes of buying back past service on provincial pension plan. This is being repaid through payroll deductions at \$140 per month.	2,093	3,975
Dr. Jegatheeswaran – non-interest bearing advance. Repaid during the year.		40,062
	<u>\$ 173,666</u>	<u>\$ 171,339</u>

7. Capital assets	2000		1999
	Cost	Accumulated Amortization	Net Book Value
Operating fund			
Land	\$ 27,239		\$ 27,239
Building and service equipment	27,565,243	\$15,779,893	11,785,350
Equipment	19,433,524	13,923,312	5,510,212
Equipment under capital lease	1,536,632	417,093	1,119,539
Motor vehicles	388,082	363,935	24,147
Motor vehicles under capital lease	94,705	67,914	26,791
	<u>49,045,425</u>	<u>30,552,147</u>	<u>18,493,278</u>
Board fund			
Land	23,729		23,729
Building	1,762,839	397,155	1,365,684
Equipment	149,168	131,236	17,932
	<u>1,935,736</u>	<u>528,391</u>	<u>1,407,345</u>
Consolidated totals	<u>\$50,981,161</u>	<u>\$31,080,538</u>	<u>\$19,900,623</u>
			<u>\$ 20,369,710</u>

Central East Health Care Institutions Board

Notes to the Financial Statements

March 31, 2000

8. Payables and accruals

	<u>2000</u>		<u>1999</u>
	<u>Operating Fund</u>	<u>Board Fund</u>	<u>Total</u>
Trade	\$2,824,980		\$2,824,980
Due to NLHC		\$ 4,646	\$3,597,956
Employees portion of EI premiums reduction	34,593		4,646
Payroll deductions	639,956		34,593
Unused donations - education	8,164		639,956
Resident's comfort fund	19,656		8,164
Accrued - wages	548,777		19,656
Accrued - other	18,000		548,777
	<u>\$4,094,126</u>	<u>\$ 4,646</u>	<u>\$4,098,772</u>
			<u>\$5,354,066</u>

Under the Board's current accounting system the liability related to accrued severance owing to employees who have more than nine years service but who do not have the required number of hours is not readily determinable. Therefore, this liability has not been recorded in the financial statements.

At March 31, 2000, the Board has recorded a receivable from MCP in the amount of \$374,099. MCP has estimated that the Board has a liability to MCP of \$117,159. The difference of \$491,258 has not been reflected in the financial statements at March 31, 2000.

It is reasonably possible that the actual amount of the above liabilities will differ materially from the amounts recorded in the financial statements. However, the amount of these possible unrecorded liabilities cannot be reasonably estimated.

9. Long term debt

	<u>2000</u>	<u>1999</u>
Operating fund:		
CMHC 7.36% first mortgage on Bonnews Lodge, repayable in equal monthly principal and interest instalments of \$11,227, amortized to April, 2011.	\$ 1,024,462	\$1,082,214
CMHC 8.64% mortgage on Lakeside Homes, repayable in equal monthly principal and interest instalments of \$17,894, amortized to May, 2020.	2,068,048	2,107,057
CMHC 7.5% mortgage on Lakeside Homes, repayable in equal monthly principal and interest instalments of \$4,574, amortized to July, 2023.	610,062	619,406

Central East Health Care Institutions Board

Notes to the Financial Statements

March 31, 2000

9. Long term debt (cont'd)	<u>2000</u>	<u>1999</u>
BacT/Alert Supplier Equipment loan, repayable through contacted supply purchases, being amortized to March 2003.	44,582	58,661
Bank of Nova Scotia unsecured bank loan, repaid during the year.	<u> </u>	<u>1,800</u>
	3,747,154	3,869,138
Less: Current portion	<u>127,079</u>	<u>122,916</u>
	<u>\$ 3,620,075</u>	<u>\$3,746,222</u>
Board fund:		
Newfoundland & Labrador Housing Corporation 7.34% first mortgage on Bonnews Apartment Complex, repayable in equal monthly principal and interest instalments of \$5,548, amortized to November, 2024.	\$ 764,499	\$ 776,189
Bank of Nova Scotia 6.45% first mortgage on land and building at Musgrave Harbour, repayable in equal monthly principal and interest instalments of \$703, amortized to January, 2002.	14,564	21,822
Bank of Nova Scotia 6.8% first mortgage on land and building at 42 Howletts Rd., Twillingate, repayable in equal monthly principal and interest instalments of \$372, amortized to November, 2024.	53,718	
Bank of Nova Scotia 6.8% first mortgage on land and building at 30 Smiths Lane, Twillingate, repayable in equal monthly principal and interest instalments of \$387, amortized to December, 2024.	<u>56,031</u>	<u> </u>
	888,812	798,011
Less: Current portion	<u>20,500</u>	<u>16,298</u>
	<u>\$ 868,312</u>	<u>\$ 781,713</u>
Consolidated totals	<u>\$4,488,387</u>	<u>\$ 4,527,935</u>

The mortgages are secured by first fixed charges on the land and buildings to which they relate.

Central East Health Care Institutions Board

Notes to the Financial Statements

March 31, 2000

9. Long term debt (cont'd)

Principal repayments in each of the next five years are due as follows:

	Operating <u>Fund</u>	Board <u>Fund</u>
2001	\$127,079	\$20,500
2002	136,697	20,450
2003	148,841	14,650
2004	143,002	15,700
2005	154,500	16,900

10. Obligations under capital lease

The board has entered into a number of agreements whereby it leases certain equipment for terms ranging from three to six years. These leases are accounted as capital leases with the board treating the equipment as being an acquisition of an asset and the assumption of an obligation. The effective interest rates range from 6.83% to 15.65%.

The following is a schedule of future minimum lease payments under the capital leases expiring May, 2004.

	<u>2000</u>	<u>1999</u>
Year ending March 31, 2000		\$ 374,960
Year ending March 31, 2001	\$ 271,321	247,051
Year ending March 31, 2002	176,305	158,632
Year ending March 31, 2003	94,989	90,250
Year ending March 31, 2004	33,473	2,866
Year ending March 31, 2005	<u>16,862</u>	
Total minimum lease payments	592,950	873,759
Less: Amount representing interest	<u>55,286</u>	<u>86,551</u>
Balance of obligation	537,664	787,208
Less: Current portion	<u>239,000</u>	<u>321,494</u>
	<u>\$ 298,664</u>	<u>\$ 465,714</u>

Central East Health Care Institutions Board

Notes to the Financial Statements

March 31, 2000

11. Deferred contributions related to capital assets

Deferred contributions related to capital assets represent restricted contributions with which capital assets were originally purchased. The changes in the deferred contribution balance for the year are as follows:

	<u>2000</u>	<u>1999</u>
Balance, beginning of year	\$14,389,077	\$13,626,564
Add: Capital equipment grants	1,499,644	2,254,499
Donated equipment	49,800	102,309
Principal reduction on mortgages	108,106	102,345
Reduction in obligation under capital lease	323,044	293,050
Equipment loans forgiven	<u>14,079</u>	<u>11,732</u>
	16,383,750	16,390,499
Less: amortization	<u>2,096,222</u>	<u>2,001,422</u>
Balance, end of year	<u>\$14,287,528</u>	<u>\$14,389,077</u>

12. Commitments

Operating leases

The Board has a number of agreements whereby it leases equipment and property in addition to those disclosed under Note 10. These agreements range in terms from one to three years. These leases are accounted for as operating leases. Future minimum lease payments under operating leases are as follows:

2001	\$69,000
2002	47,000
2003	14,000
2004	5,000
2005	1,500

Energy Performance Contract

The Board entered into an Energy Performance Contract on July 25, 1997 with Enerplan Consultants Limited (formerly Rose Technology Group Limited) for the design and implementation of measures to improve energy efficiency, wherein Enerplan guaranteed the energy savings component.

The contract is estimated at \$1,247,329 and is to be repaid from operating and energy savings over a maximum ten-year period commencing January 1, 2000.

As support for the financing, Enerplan Consultants Limited has assigned to Associates Capital Limited (formerly Textron Financial Corporation) any funds due to them by the Board for the energy savings component of the contract.

Central East Health Care Institutions Board

Notes to the Financial Statements

March 31, 2000

12. Commitments (cont'd)

Energy Performance Contract (cont'd)

In the opinion of management of the Board, the guaranteed energy savings component by Enerplan Consultants Limited is an offset to any obligation of the Board to Associates Capital Limited and as a consequence neither the capital expenditures or the financing obligation is reflected in the financial statements of the Board at March 31, 2000.

13. Contingency

As of March 31, 2000 there were a number of claims against the Board in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Board with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

14. Adjustment of prior years

As a result of unrecorded wages payable in 1999, the balance of unrestricted net assets at April 1, 1999 has been adjusted by \$385,654 representing the amount of the unrecorded wages payable. The March 31, 1999 figures presented for comparative purposes have been restated from those previously reported in order to properly account for the unrecorded wages payable as follows:

	<u>Increase</u>	<u>Decrease</u>
Accrued wages	\$385,654	
Unrestricted net assets		\$385,654

15. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the Year 2000 as 1900 or some other date, resulting in errors when information using Year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the board, including those related to customers, suppliers, or other third parties, have been fully resolved.

**CENTRAL REGIONAL HEALTH AND COMMUNITY
SERVICES BOARD**

AUDITORS' REPORT

FINANCIAL STATEMENTS - MARCH 31, 1999

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

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March 31, 1999

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AUDITORS' REPORT

To the directors of **Central Regional Health and Community Services Board**

We have audited the balance sheet of **Central Regional Health and Community Services Board** as at March 31, 1999 and the statements of equity, revenue and expenditures and cash flow for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 1999 and the results of its operations and cash flow for the year then ended in accordance with generally accepted accounting principles.

Walters Hoffe
Chartered Accountants

Gander, Newfoundland

June 23, 1999

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Balance Sheet

March 31, 1999

1999

1998

Assets

Current assets:

Cash	\$ -	1,010,938
Receivables (Note 3)	1,356,900	87,659
Prepaid expenses (Note 4)	<u>261,072</u>	<u>218,551</u>

Total current assets 1,617,972 1,317,148

Capital assets (Note 5) 449,333 438,181

\$ 2,067,305 1,755,329

Liabilities and Equity

Current liabilities:

Due to bank	\$ 582,200	-
Payables - trade	363,050	167,271
Accruals - wages	309,910	278,319
- vacation pay	479,786	325,227
Provincial government's share of budget savings	-	2,085
Deferred operating grant	432,208	138,600
Current portion of accrued severance pay	<u>100,000</u>	<u>-</u>

Total current liabilities 2,267,154 911,502

Due to Board (Note 6) 662,381 619,106

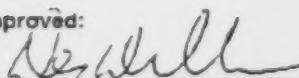
Severance pay accrued (Note 2) 1,059,550 766,528

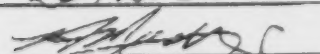
Equity (deficit), per accompanying statement (1,921,780) (541,807)

\$ 2,067,305 1,755,329

See accompanying notes

Approved:

 Chairman

 Administrator

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Statement of Equity

Year ended March 31, 1999

	<u>Operating</u>	<u>Unfunded Severance and Vacation Pay</u>	<u>Capital Assets</u>	<u>Total</u>
Balance (deficit), beginning:				
As previously reported	\$ 152,013	(1,091,755)	438,181	(501,561)
Adjustment to board funds for prior year's severance	<u>(40,246)</u>	<u>-</u>	<u>-</u>	<u>(40,246)</u>
As restated	111,767	(1,091,755)	438,181	(541,807)
Add - capital grant	-	-	25,000	25,000
- capital assets transferred with HRE program	-	-	58,000	58,000
- capital assets paid from board funds	-	-	27,305	27,305
Current years surplus (deficit), per accompanying statement	<u>(843,544)</u>	<u>(547,581)</u>	<u>(99,153)</u>	<u>(1,490,278)</u>
Balance (deficit), ending	<u><u>\$ (731,777)</u></u>	<u><u>(1,639,336)</u></u>	<u><u>449,333</u></u>	<u><u>(1,921,780)</u></u>

See accompanying notes

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Statement of Revenue and Expenditures

Year ended March 31, 1999

1999

1998

Revenue:

Provincial government operating grant
Other (Note 7)

\$ 28,931,858
150,347

13,621,434
146,026

Total revenue

29,082,205

13,767,460

Expenditures:

Administrative

1,984,026

1,695,383

Continuing care programs:

Nursing

2,544,852

2,676,160

Mental health services

392,120

164,832

Addictions services

258,615

249,754

Home support services

4,688,288

4,481,408

Assessment and placement

532,145

538,085

Personal care homes

1,062,563

1,033,720

Special assistance program

346,896

342,636

9,825,479

9,486,595

Public health programs:

Public health nursing

1,978,798

2,109,335

Child health

90,186

83,414

Nutrition

77,034

68,482

Environmental health services

54,906

152,325

2,200,924

2,413,556

Social programs:

Child welfare

3,815,987

-

Family rehab services

11,154,805

-

Youth corrections

489,487

-

Administration - other

455,041

-

15,915,320

-

Total expenditures

29,925,749

13,795,534

Excess (deficiency) of revenue over expenditures from operations

(843,544)

(28,074)

Non-shareable expenditures:

Amortization

99,153

92,087

Severance pay - accrued

393,022

21,003

Vacation pay - accrued

154,559

25,647

646,734

138,737

Excess (deficiency) of revenue over expenditures

\$ (1,490,278)

(168,811)

See accompanying notes

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Statement of Cash Flow

Year ended March 31, 1999

	1999	1998
Cash flows:		
Operations:		
Excess (deficiency) of revenue over expenditures	\$(1,490,278)	(166,811)
Amortization	<u>99,153</u>	<u>92,087</u>
	(1,391,125)	(74,724)
Changes in:		
Receivables	(1,269,241)	402,626
Prepaid expenses	(42,521)	25,592
Payables - trade	195,779	(63,288)
Accruals - wages	31,591	114,559
- vacation pay	154,559	25,647
Due to Provincial Government	(2,085)	(5,116)
Deferred operating grant	293,608	138,600
Due to Board	43,275	(143,583)
Accrued severance pay	<u>393,022</u>	<u>21,003</u>
	<u>(1,593,138)</u>	<u>441,316</u>
Investing:		
Purchase of capital assets	<u>(110,305)</u>	<u>(163,752)</u>
Financing:		
Contributions from Board for capital assets	27,305	138,752
Provincial government capital grant	25,000	25,000
Transfers of capital assets from HRE program	<u>58,000</u>	<u>-</u>
	<u>110,305</u>	<u>163,752</u>
Net increase (decrease) in cash and cash equivalents	(1,593,138)	441,316
Cash and cash equivalents:		
Beginning	<u>1,010,938</u>	<u>569,622</u>
Ending	<u>\$(582,200)</u>	<u>1,010,938</u>
Cash and cash equivalents:		
Cash	\$ -	1,010,938
Due to bank - on current account	(471,200)	-
- on demand loan	<u>(111,000)</u>	<u>-</u>
	<u>\$(582,200)</u>	<u>1,010,938</u>

See accompanying notes

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Schedule 1.

Statement of Revenue and Expenditures - Board

Year ended March 31, 1999

1999

1998

Revenue:

Interest earned and donations

\$ 195,395

75,681

Expenditures:

Board meetings and conferences

15,039

8,347

Donations and miscellaneous

776

2,281

Capital expenditures out of board funds - regular

27,305

43,752

- mental health project

-

95,000

43,120

149,380

Excess (deficiency) of revenue over expenditures

\$ 153,275

(73,699)

See accompanying notes

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Notes to the Financial Statements

March 31, 1999

1. Nature of organization:

The Central Regional Health and Community Services Board is responsible for ensuring that residents of Central Newfoundland have access to quality services and programs enabling them to achieve an optimal level of health, consistent with government policy and within available resources.

2. Significant accounting policies:

(a) Capital assets:

Major equipment purchases are recorded at full cost except for assets transferred under restructuring program in 1994 and 1999, which are recorded at estimated fair market value. Capital assets purchased out of revenue are also recorded as an expenditure with an offsetting credit to general equity. Minor equipment purchases are expensed in the year of purchase.

The Board accounts for any gains or losses on the disposal of capital assets as an adjustment to general equity rather than as a charge or credit on the operating statement.

The Board provides for amortization on its capital assets on the diminishing balance basis at the following rates:

Building	5%
Equipment	20%
Computer equipment	30%

(b) Capital grants:

Grants received for the purpose of purchasing capital assets are credited to general equity.

(c) Supplies:

Supplies are charged to program cost when purchased.

(d) Severance pay:

The Board is liable for severance pay to employees who have nine or more years of continuous service. An amount has been recorded in the financial statements to reflect this liability. No provision for severance has been made for employees with less than the required years of service.

3. Receivables:

	1999	1998
Grants - operating	\$ 1,238,414	-
HST rebate	100,172	67,576
Other	<u>18,314</u>	<u>20,083</u>
	<u>\$ 1,356,900</u>	<u>87,659</u>

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Notes to the Financial Statements

March 31, 1999

4. Prepaid expenses:

	<u>1999</u>	<u>1998</u>
Workers' Compensation premiums	\$ 190,843	189,200
Rent	70,229	24,023
Membership fees and other	-	5,328
	<u>\$ 261,072</u>	<u>218,551</u>

5. Capital assets:

	<u>1999</u>			<u>1998</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Building and land	\$ 94,318	5,758	88,560	92,432
Equipment - office	435,032	244,567	190,465	151,286
- medical	235,992	156,626	79,366	99,208
Computer equipment - hardware	211,348	135,779	75,569	81,655
- software	45,100	29,727	15,373	13,600
	<u>\$ 1,021,790</u>	<u>572,457</u>	<u>449,333</u>	<u>438,181</u>

6. Due to Board:

	<u>1999</u>	<u>1998</u>
Balance, beginning:		
As previously reported	\$ 578,860	722,443
Adjustment to final settlements to 1997	-	5,116
Adjustment to prior year's severance	<u>40,246</u>	<u>40,246</u>
As restated	619,106	767,805
Transfer to operating revenue (Note 9)	(110,000)	(75,000)
Excess (deficiency) of revenue over expenditures (Schedule 1)	<u>153,275</u>	<u>(73,699)</u>
Balance, ending	<u>\$ 662,381</u>	<u>619,106</u>

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Notes to the Financial Statements

March 31, 1999

7. Other revenue:

	<u>1999</u>	<u>1998</u>
Transfer from Board funds	\$ 110,000	75,000
Provincial government severance payout	-	60,628
Vaccine program	6,717	5,398
Nursing, Conne River services contract	<u>33,630</u>	<u>5,000</u>
	<u>\$ 150,347</u>	<u>146,026</u>

8. Equity:

During a prior year the provincial government instituted a three year global funding plan for health care institutions. Under this plan, operating surpluses/deficits will not be credited/charged to the board fund until the three years have expired. The three years have expired at March 31, 1999 and government will now review the results of operations and decide on the appropriate treatment of these operating surpluses/deficits.

9. Commitments:

At balance sheet date the Board is committed to various leases for office space in the approximate amount of \$45,000 monthly. These leases expire at various times over the next two years. All leases have renewal options for similar terms and amounts.

10. During 1998, the Board initiated a pilot project under Mental Health to provide related services to adults and youth. To offset these and some additional administrative costs, the Board transferred \$110,000 to operations.

11. The Board previously operated under the name of the Central Newfoundland Regional Community Health Board. The prior year's figures have been restated to comply with current reporting format.

12. Uncertainty due to the Year 2000 issue:

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date.

The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure, which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

**CENTRAL REGIONAL HEALTH AND COMMUNITY
SERVICES BOARD**

AUDITORS' REPORT

FINANCIAL STATEMENTS - MARCH 31, 2000

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

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AUDITORS' REPORT

To the directors of **Central Regional Health and Community Services Board**

We have audited the balance sheet of **Central Regional Health and Community Services Board** as at March 31, 2000 and the statements of equity, revenue and expenditures and cash flow for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2000 and the results of its operations and cash flow for the year then ended in accordance with generally accepted accounting principles.


Chartered Accountants

Gander, Newfoundland

June 30, 2000

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Balance Sheet

March 31, 2000

2000

1999

Assets

Current assets:

Receivables (Note 3)

\$ 1,548,037

1,356,900

Prepaid expenses (Note 4)

264,965

261,072

Total current assets

1,813,002

1,617,972

Capital assets (Note 5)

510,426

449,333

\$ 2,323,428

2,067,305

Liabilities and Equity

Current liabilities:

Due to bank

\$ 839,927

582,200

Payables - trade

480,235

363,050

Accruals - wages

106,322

309,910

- vacation pay

586,985

479,786

Deferred grants (Note 6)

869,902

432,208

Current portion of accrued severance pay

100,000

100,000

Total current liabilities

2,983,371

2,267,154

Due to Board (Schedule 1)

647,844

662,381

Severance pay accrued (Note 2)

1,233,450

1,059,550

Equity (deficit), per accompanying statement

(2,541,237)

(1,921,780)

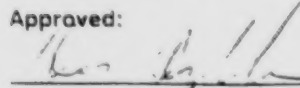
Contingent liability (Note 11)

\$ 2,323,428

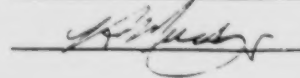
2,067,305

See accompanying notes

Approved:



Chairman



Administrator

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Statement of Equity

Year ended March 31, 2000

	2000				1999
	<u>Operating</u>	<u>Unfunded Severance and Vacation Pay</u>	<u>Capital Assets</u>	<u>Total</u>	<u>Total</u>
Balance (deficit), beginning	\$ (731,777)	(1,639,336)	449,333	(1,921,780)	(541,807)
Add					
Capital grants	-	-	171,176	171,176	25,000
Capital assets transferred with HRE program	-	-	-	-	58,000
Capital assets paid from board funds	-	-	-	-	27,305
Current years surplus (deficit), per accompanying statement	<u>(399,451)</u>	<u>(281,099)</u>	<u>(110,083)</u>	<u>(790,633)</u>	<u>(1,490,278)</u>
Balance (deficit), ending	<u>\$ (1,131,228)</u>	<u>(1,920,435)</u>	<u>510,426</u>	<u>(2,541,237)</u>	<u>(1,921,780)</u>

See accompanying notes

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Statement of Revenue and Expenditures

Year ended March 31, 2000

2000

1999

Revenue:		
Provincial government operating grant	\$ 30,507,464	28,931,858
Other (Note 7)	<u>565,326</u>	<u>150,347</u>
Total revenue	<u>31,072,790</u>	<u>29,082,205</u>
Expenditures:		
Administrative	<u>3,016,464</u>	<u>2,439,067</u>
Continuing care programs:		
Nursing	2,856,215	2,544,852
Mental health services	379,944	392,120
Addictions services	265,495	258,615
Home support services	4,576,195	4,688,288
Assessment and placement	556,049	532,145
Personal care homes	1,228,390	1,062,563
Special assistance program	<u>481,357</u>	<u>346,896</u>
	<u>10,343,645</u>	<u>9,825,479</u>
Public health programs:		
Public health nursing	2,186,360	1,978,798
Child health	88,673	90,186
Nutrition	97,163	77,034
Environmental health services	<u>57,574</u>	<u>54,906</u>
	<u>2,429,770</u>	<u>2,200,924</u>
Social programs:		
Child welfare	3,882,571	3,815,987
Family rehab services	11,322,134	11,154,805
Youth corrections	<u>477,657</u>	<u>489,487</u>
	<u>15,682,362</u>	<u>15,460,279</u>
Total expenditures	<u>31,472,241</u>	<u>29,925,749</u>
Excess (deficiency) of revenue over expenditures from operations	(399,451)	(843,544)
Non-shareable expenditures:		
Amortization	110,083	99,153
Severance pay - accrued	173,900	393,022
Vacation pay - accrued	<u>107,199</u>	<u>154,559</u>
	<u>391,182</u>	<u>646,734</u>
Excess (deficiency) of revenue over expenditures	<u>\$ (790,633)</u>	<u>(1,490,278)</u>

See accompanying notes

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Statement of Cash Flow

Year ended March 31, 2000

2000

1999

Cash flows:

Operations:

Excess (deficiency) of revenue over expenditures	\$ (790,633)	(1,490,278)
Amortization	<u>110,083</u>	<u>99,153</u>
	(680,550)	(1,391,125)

Changes in:

Receivables	(191,137)	(1,269,241)
Prepaid expenses	(3,893)	(42,521)
Payables - trade	117,185	195,779
Accruals - wages	(203,588)	31,591
- vacation pay	107,199	154,559
Due to Provincial Government	-	(2,085)
Deferred operating grant	437,694	293,608
Due to Board	(14,537)	43,275
Accrued severance pay	<u>173,900</u>	<u>393,022</u>
	<u>(257,727)</u>	<u>(1,593,138)</u>

Investing:

Purchase of capital assets	<u>(171,176)</u>	<u>(110,305)</u>
----------------------------	------------------	-------------------

Financing:

Contributions from Board for capital assets	-	27,305
Capital grants	171,176	25,000
Transfers of capital assets from HRE program	<u>-</u>	<u>58,000</u>
	<u>171,176</u>	<u>110,305</u>

Net increase (decrease) in cash and cash equivalents (257,727) (1,593,138)

Cash and cash equivalents:

Beginning	<u>(582,200)</u>	<u>1,010,938</u>
Ending	<u>\$ (839,927)</u>	<u>(582,200)</u>

Cash and cash equivalents:

Due to bank - on current account	\$ (239,927)	(471,200)
- on demand loan	<u>(600,000)</u>	<u>(111,000)</u>
	<u>\$ (839,927)</u>	<u>(582,200)</u>

See accompanying notes

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Schedule 1

Statement of Revenue and Expenditures and Fund Balance
Board Funds

Year ended March 31, 2000

2000

1999

Revenue:

Interest earned and donations

\$ 179,490196,395

Expenditures:

Board meetings and conferences

15,33115,039

Sponsorship of special projects:

Lactation consultant expenses

7,677

-

Strategic planning facilitation

3,842

-

Donations and miscellaneous

1,824776

Capital expenditures out of board funds - regular

-27,30528,67443,120

Excess of revenue over expenditures

\$ 150,816153,275

Fund balance:

Balance, beginning

\$ 662,381619,106

Transferred to operating revenue (Note 10)

(165,353)(110,000)

Excess of revenue over expenditures (above)

150,816153,275

Balance, ending

\$ 647,844662,381

See accompanying notes

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Notes to the Financial Statements

March 31, 2000

1. Nature of organization:

The Central Regional Health and Community Services Board is responsible for ensuring that residents of Central Newfoundland have access to quality services and programs enabling them to achieve an optimal level of health, consistent with government policy and within available resources.

2. Significant accounting policies:

(a) Capital assets:

Major equipment purchases are recorded at full cost except for assets transferred under restructuring program in 1994 and 1999, which are recorded at estimated fair market value. Capital assets purchased out of revenue are also recorded as an expenditure with an offsetting credit to the capital equity fund. Minor equipment purchases are expensed in the year of purchase.

The Board accounts for any gains or losses on the disposal of capital assets as an adjustment to general equity rather than as a charge or credit on the operating statement.

The Board provides for amortization on its capital assets on the diminishing balance basis at the following rates:

Building	5%
Equipment	20%
Computer equipment	30%

(b) Capital grants:

Grants received for the purpose of purchasing capital assets are credited to the capital equity fund.

(c) Supplies:

Supplies are not inventoried but are charged to the applicable program cost when purchased.

(d) Severance pay:

The Board is liable for severance pay to employees who have nine or more years of continuous service. An amount has been recorded in the financial statements to reflect this liability. No provision for severance has been made for employees with less than the required years of service.

3. Receivables:

	<u>2000</u>	<u>1999</u>
Grants - operating and other	\$ 1,412,397	1,238,414
HST rebate	123,385	100,172
Other	<u>12,255</u>	<u>18,314</u>

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Notes to the Financial Statements

March 31, 2000

4. Prepaid expenses:

	<u>2000</u>	<u>1999</u>
Workers' Compensation premiums	\$ 220,690	190,843
Rent	38,010	70,229
Membership fees and other	<u>6,275</u>	<u>-</u>
	<u>\$ 264,965</u>	<u>261,072</u>

5. Capital assets:

	<u>2000</u>			<u>1999</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Building and land	\$ 94,318	9,436	84,882	88,560
Equipment - office	442,694	283,426	159,268	190,465
- medical	238,724	172,772	65,952	79,366
Computer equipment - hardware	343,667	178,298	165,369	75,569
- software	<u>73,563</u>	<u>38,608</u>	<u>34,955</u>	<u>15,373</u>
	<u>\$ 1,192,966</u>	<u>682,540</u>	<u>510,426</u>	<u>449,333</u>

6. Deferred grants:

	<u>2000</u>	<u>1999</u>
Operating	\$ 106,605	107,359
National Child Benefit Program	647,297	324,849
Child Youth and Family Services Act	46,000	-
Capital	<u>70,000</u>	<u>-</u>
	<u>\$ 869,902</u>	<u>432,208</u>

7. Other revenue:

	<u>2000</u>	<u>1999</u>
Transfer from Board Funds	\$ 165,353	110,000
National Child Benefits Program	232,061	-
Special assistance funding - St. John's HCSB	68,000	-
Recoveries - Right Futures clients	46,373	-
Nursing, Conne River Services contract	37,095	33,630
Vaccine Program	8,913	6,717
Other	<u>7,531</u>	<u>-</u>
	<u>\$ 565,326</u>	<u>150,347</u>

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Notes to the Financial Statements

March 31, 2000

8. Equity:

During a prior year the provincial government instituted a three year global funding plan for health care institutions. Under this plan, operating surpluses/deficits were not to be credited/charged to the Board fund until the three years expired. The three years expired at March 31, 1999 and government is reviewing the results of operations to decide on the appropriate treatment of these operating surpluses/deficits.

9. Commitments:

At balance sheet date the Board is committed to various leases for office space in the approximate amount of \$45,000 monthly. These leases expire at various times over the next two years. All leases have renewal options for similar terms and amounts.

10. During the year the Board transferred \$165,353 to the operating fund to cover expenditures relating to the following special projects:

Accreditation	\$ 67,070
Client referral management system	36,094
Wound management position	40,999
Quality initiatives position	21,190

These expenditures have been reflected as operating fund expenditures on the statement of revenue and expenditures.

11. At balance sheet date the Board is involved in a dispute with one of its employees who is currently on suspension without pay. As at the date of our report, no decision has been reached on the settlement of this matter and the final liability, if any, cannot be determined.

12. Uncertainty due to the Year 2000 issue:

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date.

The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure, which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

CENTRAL WEST HEALTH CORPORATION

OPERATING FUND

MARCH 31, 2000

KAREN M. FREAKE
Chartered Accountant

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Operating Fund Statement of Changes in Financial Position	4
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KAREN M. FREAKE CHARTERED ACCOUNTANT

AUDITOR'S REPORT

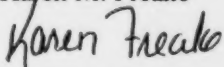
To the Board of Directors
Central West Health Corporation

I have audited the operating fund balance sheet of the Central West Health Corporation as at March 31, 2000 and the operating fund statements of revenue and expenditure and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the operating fund of the board as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Grand Falls-Windsor, Newfoundland
June 29, 2000

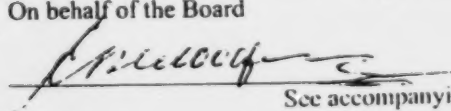
Karen M. Freake

Chartered Accountant

KAREN M. FREAKE CHARTERED ACCOUNTANT

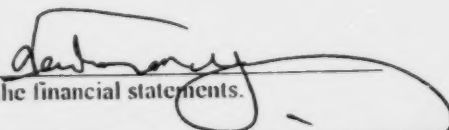
CENTRAL WEST HEALTH CORPORATION
Operating Fund Balance Sheet
March 31

	2000	1999
Assets		
Current		
Cash	\$ 3,649,667	\$ 49,321
Receivables (Note 3)	2,816,184	3,278,186
Inventories, at cost	725,692	680,105
Prepaid expenses	1,534,413	1,922,164
	<u>8,725,956</u>	<u>5,929,776</u>
Capital assets (Note 4)	32,584,321	31,123,374
Trust funds held on deposit	343,800	314,063
Deferred charges	71,142	132,020
	<u>\$ 41,725,219</u>	<u>\$ 37,499,233</u>
Liabilities		
Current		
Bank indebtedness		\$ 395,475
Payables and accruals	\$ 6,512,276	4,939,000
Deferred severance revenue	90,961	90,961
Vacation pay accrual	2,923,484	2,760,360
Current portion of long term debt	210,445	204,653
Current portion of obligations under capital lease	159,603	92,000
Deferred contributions-operating	50,874	45,349
Deferred contributions-capital	1,282,231	453,818
	<u>11,229,874</u>	<u>8,981,616</u>
Severance pay accrual	6,863,575	6,252,843
Trust funds payable	343,800	314,063
Long term debt (Note 5)	7,447,025	5,400,741
Obligations under capital leases (Note 6)	233,973	208,778
Deferred contributions		
Unamortized portion of capital asset contributions		
(Note 7)	3,830,929	2,586,018
	<u>29,949,176</u>	<u>23,744,059</u>
Equity		
Unrestricted net assets (Note 8)	(22,453,994)	(20,474,863)
Net assets invested in capital assets (Note 9)	34,230,037	34,230,037
	<u>11,776,043</u>	<u>13,755,174</u>
Total Liabilities and Equity	<u>\$ 41,725,219</u>	<u>\$ 37,499,233</u>

Contingencies and commitments (Notes 10 and 11)
 On behalf of the Board



See accompanying notes to the financial statements.



KAREN M. FREAKE CHARTERED ACCOUNTANT

CENTRAL WEST HEALTH CORPORATION
Operating Fund Statement of Revenue and Expenditure
For the year ended March 31

	2000	1999
Revenue		
Inpatient	\$ 233,750	\$ 254,077
MCP physician revenue	3,269,454	3,457,232
Mortgage interest subsidy	56,328	82,658
Other income	1,377,882	993,984
Outpatient	507,354	361,369
Provincial plan	57,449,968	52,337,763
Resident's rents	4,378,114	4,386,241
	<u>67,272,850</u>	<u>61,873,324</u>
Expenses		
Administration	7,474,724	6,334,220
Ambulatory care services	5,307,565	4,408,714
Diagnostic and therapeutic services	10,400,880	9,668,638
Education	520,719	561,092
Medical services	4,847,229	4,475,724
Nursing inpatient services	23,020,482	21,555,095
Support services	15,406,614	14,677,506
	<u>66,978,213</u>	<u>61,680,989</u>
 Excess of revenue over expenditure before other operations	 294,637	 192,335
Outreach programs	(67,347)	(62,961)
Special funding for prior year's deficits	<u> </u>	<u>1,770,000</u>
 Excess of revenue over expenditure before non shareable revenue and expenditure	 <u>227,290</u>	 <u>1,899,374</u>
 Non shareable revenue and expenditure		
Amortization of deferred capital asset contributions	380,867	267,424
Depreciation of capital assets	(1,813,431)	(2,508,816)
Increase in provision for severance pay	(610,733)	(630,523)
Increase in provision for vacation pay	(163,124)	(170,746)
	<u>(2,206,421)</u>	<u>(3,042,661)</u>
 Excess of expenditure over revenue	 <u>\$ (1,979,131)</u>	 <u>\$ (1,143,287)</u>

See accompanying notes to the financial statements.

KAREN M. FREAKE CHARTERED ACCOUNTANT

CENTRAL WEST HEALTH CORPORATION
Operating Fund Statement of Changes in
Financial Position
For the year ended March 31

2000

1999

Cash derived from (applied to)

Operating

Excess of expenditure over revenue	\$ (1,979,131)	\$ (1,143,287)
Amortization of deferred charges	60,878	191,411
Amortization of deferred capital asset contributions	(380,867)	(267,424)
Depreciation	<u>2,270,379</u>	<u>2,840,972</u>
	(28,741)	1,621,672

Change in non-cash operating working capital

Receivables	462,002	(214,984)
Inventories	(45,587)	(47,010)
Prepays	387,751	(256,090)
Payables and accruals	1,573,275	336,712
Deferred severance revenue		90,961
Vacation pay accrual	163,124	170,747
Severance pay accrual	<u>610,732</u>	<u>465,266</u>
	<u>3,122,556</u>	<u>2,167,274</u>

Financing

Deferred contributions		
Operating	5,525	(147,563)
Capital	828,413	86,894
Capital contributions	1,625,806	1,265,812
Final settlement		18,849
Issue of long term debt	2,648,014	16,831
Repayment of long term debt	<u>(503,140)</u>	<u>(272,024)</u>
	<u>4,604,618</u>	<u>968,799</u>

Investing

Sale of capital assets	414,346	60,096
Net purchase of capital assets	<u>(4,145,699)</u>	<u>(1,550,973)</u>
	<u>(3,731,353)</u>	<u>(1,490,877)</u>

Net increase in cash

\$ 3,995,821	\$ 1,645,196
--------------	--------------

Cash, net of bank indebtedness, beginning of year

\$ (346,154)	\$ (1,991,350)
--------------	----------------

Net increase in cash

<u>3,995,821</u>	<u>1,645,196</u>
------------------	------------------

Cash, end of year

<u>\$ 3,649,667</u>	<u>\$ (346,154)</u>
---------------------	---------------------

See accompanying notes to the financial statements.

KAREN M. FREAKE CHARTERED ACCOUNTANT

CENTRAL WEST HEALTH CORPORATION

Notes to the Financial Statements

March 31, 2000

1. Nature of operations

These financial statements reflect the operation assets, liabilities, net assets, revenues and expenditures of the following facilities and clinics operated by the Central West Health Corporation.

Facilities

A.M. Guy Memorial Health Centre
Baie Verte Peninsula Health Centre
Carmelite House Senior Citizens Home
Central Newfoundland Regional Health Centre
Green Bay Community Health Centre

Dr. Hugh Twomey Health Care Centre
Connaigre Peninsula Health Centre
North Haven Manor Senior Citizens Home
Valley Vista Senior Citizens' Home

Clinics

Gaultois
Hermitage
La Scie
Lewisporte
Mose Ambrose
St. Alban's
McCallum
Rencontre East

The operations of the above entities were primarily funded by the Government of Newfoundland and Labrador (the Government) to provide health care services on the Government's behalf, causing all entities to be effectively under common control. As a result, these financial statements have been prepared using a pooling of interest method of accounting. Under this method, the book values of assets, liabilities and net assets of each of the entities being combined are added together to form the combined value of assets, liabilities and net assets of the Corporation.

2. Summary of significant accounting policies

The financial statements of the Corporation have been prepared within the framework of generally accepted accounting principles which requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the Corporation are as follows:

Basis of presentation

- The Corporation applies fund accounting principles in recording its financial transactions in the Operating Fund.

KAREN M. FREAKE CHARTERED ACCOUNTANT

CENTRAL WEST HEALTH CORPORATION

Notes to the Financial Statements

March 31, 2000

2. Summary of significant accounting policies (continued).

Basis of presentation (continued)

The Operating Fund contains all the operating assets, liabilities, revenue and expenditure of the Corporation related to the provision of health care services. The assets of the Operating Fund are available for the satisfaction of debts, contingent liabilities and commitments of the Corporation.

Inventories

Inventories are valued at cost, determined on the first-in first-out basis.

Capital assets

The Corporation has recorded all capital assets over which it has control although title to certain of these assets rests with the Government. Capital assets recorded prior to the regionalization are recorded at either cost, nominal, or approximate fair value, on the basis of accounting used by the predecessor entities. Capital assets acquired after April 1, 1995 are recorded at cost. Depreciation is recorded on a straight-line basis over the estimated useful lives of the related assets at the following rates:

Land improvements	10%
Buildings	5%
Equipment and vehicles	10-20%

Construction in progress is not depreciated until the project is substantially complete at which time the project costs are transferred to buildings and renovations and depreciated accordingly.

Minor equipment purchases are charged to operations in the year of acquisition.

As of the date of the Auditor's Report no values were available from the Provincial Government on the redevelopment and upgrading of facilities at the Central Newfoundland Regional Health Centre, the Dr Hugh Twomey Health Care Centre and the Connaigre Peninsula Health Care.

Capital and operating leases

A lease that transfers substantially all of the benefits and risks incidental to ownership of property is accounted for as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value. Assets acquired under capital leases are amortized on the same basis as other capital assets. All other leases are accounted for as operating leases and the payments are expensed as incurred.

KAREN M. FREAKE CHARTERED ACCOUNTANT

CENTRAL WEST HEALTH CORPORATION
Notes to the Financial Statements
March 31, 2000

2. Summary of significant accounting policies (continued)

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on a straight-line basis using the same rates as depreciation expense related to the capital assets purchased. Capital contributions for non-depreciable capital assets are recorded as direct increases in net assets.

Revenue recognition

Provincial plan revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred revenue.

Revenue from donations, including pledges, is recognized as revenue when received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

Revenue from the sale of goods and services is recognized at the time the goods are delivered or the services are provided.

Budget incentive

The Corporation is reimbursed by the Department of Health for the total of its operating costs, after deduction of specified revenue and expenditure, to the extent of the approved budget.

The final amount receivable from or payable to the Department will not be determined until the Department has completed its review of the Corporation's financial and statistical returns. The management of the Corporation considers the amount recorded as receivable from or payable to the Department to be inclusive of all proper adjustments. Subsequent adjustments resulting from the Department's review will be reflected in the statement of revenue and expenditure in the period of adjustment.

Accrued severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Corporation.

Pension costs

Employees of the corporation are covered by the Public Service Pension Plan and the Government Money Purchase Pension Plan administered by the Province of Newfoundland. Contributions to the plan are required from both the employees and the Corporation. The annual contributions for pensions are recognized in the accounts on a current basis.

KAREN M. FREAKE CHARTERED ACCOUNTANT

CENTRAL WEST HEALTH CORPORATION
Notes to the Financial Statements
March 31, 2000

2. Summary of significant accounting policies (continued)

Deferred charges

Deferred charges represent the cost of equipment and vehicles, which are being amortized on a straight-line basis.

Vacation pay

Vacation pay is accounted for on an accrual basis and is payable in accordance with present employer and employee contracts of the Corporation.

Contributed services

Volunteers contribute many hours per year to assist the Corporation in carrying out its service delivery activities. Due to the difficulty of determining fair value, contributed services are not recognized in the financial statements.

3. Receivables	2000	1999
Cancer Foundation	\$ 101,753	\$ 74,499
Capital grants	72,014	180,629
Central Community Health Care Board	7,895	10,751
Department of Works, Services and Transportation	70,995	
Cottages	361,869	71,359
Due from Board Fund	432,691	328,328
Employees	31,124	13,418
Harmonized sales tax	125,602	190,655
Health grants		7,500
Long term care	253,140	166,388
Newfoundland Medical Care Commission		141,576
Other	141,622	29,794
Provincial plan	1,030,402	1,770,000
Services to patients	375,220	350,047
South and Central Health Foundation	49,814	159,989
	<u>3,054,141</u>	<u>3,494,933</u>
Less: allowance for doubtful accounts	<u>237,957</u>	<u>216,747</u>
	<u><u>\$ 2,816,184</u></u>	<u><u>\$ 3,278,186</u></u>

KAREN M. FREAKE CHARTERED ACCOUNTANT

CENTRAL WEST HEALTH CORPORATION

Notes to the Financial Statements

March 31, 2000

4. Capital assets

	Cost	Accumulated Depreciation	2000 Net Book Value	1999 Net Book Value
Land	\$ 93,612		\$ 93,612	\$ 93,612
Land improvements	473,445	\$ 193,880	279,565	310,626
Buildings	26,273,480	9,468,748	16,804,732	15,235,291
Equipment and vehicles	28,562,486	13,156,074	15,406,412	15,483,845
	<u>\$55,403,023</u>	<u>\$22,818,702</u>	<u>\$ 32,584,321</u>	<u>\$31,123,374</u>

5. Long term debt

	Purpose	2000	1999
Canadian Imperial Bank of Commerce interim financing.	New Carmelite Construction Loan	\$ 2,400,000	
Canadian Imperial Bank of Commerce unsecured loan, repayable in equal monthly instalments of \$4,167 with interest at prime less 5/8%.	Energy Performance Contract	204,167	\$ 254,167
Canadian Imperial Bank of Commerce loan, repayable in equal monthly instalments of \$688 with interest at prime less 5/8% secured by motor vehicle	Motor Vehicle	17,875	25,438
Canadian Imperial Bank of Commerce unsecured loan repaid in August, 1999	House- 42/44 Greenwood		4,495
Canadian Imperial Bank of Commerce unsecured loan, repaid March, 2000	House- Mose Ambrose		8,284
Canadian Imperial Bank of Commerce unsecured loan repaid March, 2000	House- Harbour Breton		20,822
Subtotal to page 10		<u>\$ 2,622,042</u>	<u>\$ 313,206</u>

KAREN M. FREAKER CHARTERED ACCOUNTANT

CENTRAL WEST HEALTH CORPORATION**Notes to the Financial Statements****March 31, 2000**

5. Long term debt (continued)	<u>Purpose</u>	2000	1999
Subtotal from page 9		\$2,622,042	\$ 313,206
Canadian Imperial Bank of Commerce unsecured loan repaid March, 2000	House- Hermitage		15,774
Canadian Imperial Bank of Commerce unsecured loan, repayable in blended monthly instalments of \$600 with interest at prime less ½%.	House- La Scie	36,563	41,039
Canadian Imperial Bank of Commerce unsecured loan, repayable in blended monthly instalments of \$650 with interest at prime less ½%.	House Harbour Breton	45,431	50,439
Canadian Imperial Bank of Commerce unsecured loan repaid March, 2000	House- Hermitage		15,958
8% Newfoundland and Labrador Housing Corporation mortgage, maturing in February 2026, repayable in equal monthly principal and interest. instalments of \$8,298	North Haven Manor	1,099,649	1,112,150
7 7/8% Newfoundland and Labrador Housing Corporation mortgage, maturing in 2024, repayable in equal monthly principal and interest instalments of \$8,165.	Carmelite House	1,072,603	1,086,860
9.59% Newfoundland and Labrador Housing Corporation mortgage, maturing in 2019, repayable in blended monthly principal and interest instalments of \$12,388.	Green Bay Extension	1,313,585	1,348,157
Subtotal to page 11		<u>\$6,189,873</u>	<u>\$3,983,583</u>

KAREN M. FREAKER CHARTERED ACCOUNTANT

CENTRAL WEST HEALTH CORPORATION
Notes to the Financial Statements
March 31, 2000

5.	Long term debt (continued)	Purpose	2000	1999
	Subtotal from page 10		\$ 6,189,873	\$ 3,983,583
	8% Newfoundland and Labrador Housing Corporation mortgage, maturing in 2027, repayable in blended monthly principal and interest instalment of \$10, 124.	Green Bay Extension	1,366,127	1,379,348
	Bank of Montreal loan repaid July 1999			8,000
	Bank of Montreal loan, repayable in monthly instalments of \$500 plus interest at prime plus 1%.	House Green Bay	20,000	26,000
	Bank of Nova Scotia loan, repayable in monthly instalments of \$1,250 plus interest at 11%.	House renovations-Baie Verte	70,759	85,759
	Canadian Imperial Bank of Commerce unsecured loan repaid March, 2000	House-Grand Falls-Windsor		105,873
	GMAC loan repayable in equal monthly principal and interest instalments of \$510.		10,711	16,831
			<u>7,657,470</u>	<u>5,605,394</u>
	Less: Current portion of long term debt		<u>210,445</u>	<u>204,653</u>
			<u>\$ 7,447,025</u>	<u>\$ 5,400,741</u>

Estimated principal payments required during the next five years are as follows:

2001	\$ 210,445
2002	\$ 195,445
2003	\$ 190,888
2004	\$ 188,396
2005	\$ 140,226

To reduce the cost of borrowing, the Federal Government provides an amount to reduce the effective interest rate of the Newfoundland and Labrador Housing Corporation mortgage for the Green Bay Health Care Centre. The assistance is subject to regulations and conditions during the amortization of the mortgages.

Newfoundland and Labrador Housing Corporation mortgages are secured by specific land and buildings.

KAREN M. FREAKE CHARTERED ACCOUNTANT

CENTRAL WEST HEALTH CORPORATION**Notes to the Financial Statements****March 31, 2000**

6. Obligations under capital lease	<u>Purpose</u>	2000	1999
Royal Bank leasing loan, repayable in blended monthly instalments of \$9,559 with interest at 8.5% secured by specific equipment.	Lab equipment	\$ 195,165	\$ 300,778
Datex-Ohmeda (Canada) Inc. leasing loan, repayable in equal quarterly instalments of \$13,061 with interest at 8% secured by specific equipment.	Operating room equipment	<u>198,411</u> <u>393,576</u>	<u>300,778</u>
Less: Current portion of obligation under capital lease		<u>159,603</u>	<u>92,000</u>
		<u><u>\$ 233,973</u></u>	<u><u>\$ 208,778</u></u>

Estimated principal payments required during the next three years are as follows:

2001	\$ 159,603
2002	\$ 162,000
2003	\$ 71,973

7. Deferred contributions related to capital assets

Deferred contributions related to capital assets represent restricted contributions in which capital assets were original purchased. As outlined above in Note 2, these contributions are being amortized to revenue at the same rates at which the related capital assets are depreciated. In accordance with the new not-for-profit accounting recommendations, the Corporation adopted this policy on April 1, 1997. The Corporation has not applied this accounting policy retroactively because the necessary financial information is not reasonably determinable.

	2000	1999
Balance, beginning of year	\$ 2,586,018	\$ 1,587,630
Capital contributions during the year	1,625,778	1,265,812
Less: Amortization	<u>380,867</u>	<u>267,424</u>
Balance, end of year	<u><u>\$ 3,830,929</u></u>	<u><u>\$ 2,586,018</u></u>

KAREN M. FREAKE CHARTERED ACCOUNTANT

CENTRAL WEST HEALTH CORPORATION
Notes to the Financial Statements
March 31, 2000

8. Unrestricted net assets	2000	1999
Balance, beginning of year	\$ (20,474,863)	\$ (19,482,183)
Adjustment of Provincial Plan payable		150,607
Excess of expenditure over revenue	<u>(1,979,131)</u>	<u>(1,143,287)</u>
Balance, end of year	<u><u>\$ (22,453,994)</u></u>	<u><u>\$ (20,474,863)</u></u>

9. Net assets invested in capital assets	2000	1999
Balance, end of year	<u><u>\$ 34,230,037</u></u>	<u><u>\$ 34,230,037</u></u>

10. Contingencies

As of March 31, 2000 there were a number of claims against the Corporation in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Corporation with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

11. Commitments

New Seniors Complex

The Corporation has begun construction for the replacement of the Carmelite House Senior Citizens Home, the new facility has an estimated cost of \$10,000,000.

The terms and conditions related to long term financing arrangements for the construction of the new Senior Citizens Home have not been finalized. Approval for the construction and financing of the facility has been obtained from the Department of Health.

KAREN M. FREAKE CHARTERED ACCOUNTANT

CENTRAL WEST HEALTH CORPORATION

Notes to the Financial Statements

March 31, 2000

11. Commitments (continued)

Energy Performance Contract

The Board entered into an Energy Performance Contract on July 31, 1998 with Rose Technology Group Limited for the design and implementation of measures to improve energy efficiency, wherein Rose Technology Group guaranteed the energy savings component.

The contract is estimated at \$3,577,353 and is to be repaid from operating and energy savings over a maximum ten-year period.

As support for the financing, Rose Technology Group Limited has assigned to Enerplan/VESTAR any funds due to them by the Corporation for the energy savings component of the contract.

In the opinion of management of the Corporation, the guaranteed energy savings component by Rose Technology Group Limited is an offset to any obligation of the Corporation under the assignment to Enerplan/VESTAR and as a consequence neither the capital expenditures or the financing obligation is reflected in the financial statements of the Corporation at March 31, 2000.

12. Comparative figures

The comparative figures reported in these financial statements were reported on by another firm of Chartered Accountants.

KAREN M. FREAKER CHARTERED ACCOUNTANT

COLLEGE OF THE NORTH ATLANTIC
AUDITORS' REPORT
FINANCIAL STATEMENTS - MARCH 31, 1999

COLLEGE OF THE NORTH ATLANTIC

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March 31, 1999

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AUDITORS' REPORT

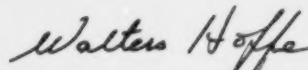
To the Board of Directors of the **College of the North Atlantic**

We have audited the balance sheet of the **College of the North Atlantic** as at March 31, 1999 and the statements of equity, revenue and expenditures and cash flow for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Due to the accounting records, we were unable to obtain necessary assurance as to the completeness and valuation of the capital assets. Consequently, we were unable to satisfy ourselves that the capital assets are accurately recorded and whether adjustments were required in respect of capital assets and equity in capital assets.

In our opinion, except for the effect of adjustments, if any, which might have been determined to be necessary had we been able to satisfy ourselves with respect to the amount recorded for capital assets and equity in capital assets, these financial statements present fairly, in all material respects, the financial position of the College as at March 31, 1999 and the results of its operations and the changes in its cash flow for the year then ended in accordance with generally accepted accounting principles.


Chartered Accountants

Gander, Newfoundland

June 17, 1999

COLLEGE OF THE NORTH ATLANTIC

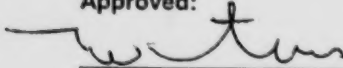
Balance Sheet

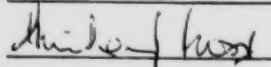
March 31, 1999

	1999	1998
Assets		
Current assets:		
Receivables (Note 2)	\$ 8,306,427	6,324,256
Inventory	619,445	855,961
Prepaid expenses	<u>200,951</u>	<u>235,546</u>
Total current assets	9,126,823	7,415,763
Capital assets (Note 3)	14,051,632	12,783,315
Trust accounts (Note 4)	<u>336,891</u>	<u>333,673</u>
	\$ 23,515,346	20,532,751
Liabilities and Equity		
Current liabilities:		
Due to bank	\$ 2,440,986	2,688,057
Payables and accruals	4,377,740	3,499,170
Accrued vacation pay	3,439,104	3,465,409
Deferred revenue	3,429,276	2,586,031
Due to Centre for Forest and Environmental Studies (Note 7)	37,899	61,386
Current portion of accrued severance pay	1,500,000	1,000,000
Unexpended capital grants	<u>191</u>	<u>569</u>
Total current liabilities	15,225,196	13,300,622
Trust accounts (Note 4)	336,891	337,887
Accrued severance pay	<u>5,579,612</u>	<u>5,782,300</u>
	21,141,699	19,420,809
Equity, per accompanying statement	<u>2,373,647</u>	<u>1,111,942</u>
	\$ 23,515,346	20,532,751

See accompanying notes

Approved:

 Director

 Director

Subject to the accompanying Auditors' Report

COLLEGE OF THE NORTH ATLANTIC

Statement of Equity

Year ended March 31, 1999

	<u>Operating</u>	<u>Capital Assets</u>	<u>Severance and Annual Leave</u>	<u>Total</u>	<u>Total</u>
Balance, beginning	\$(1,423,664)	12,783,315	(10,247,709)	1,111,942	3,565,857
Capital contributions:					
Province of Newfoundland					
Current	-	1,000,000	-	1,000,000	500,000
Prior	-	377	-	377	62,624
Capital expenditures out of revenue	<u>-</u>	<u>2,610,544</u>	<u>-</u>	<u>2,610,544</u>	<u>1,352,926</u>
	<u>(1,423,664)</u>	<u>16,394,236</u>	<u>(10,247,709)</u>	<u>4,722,863</u>	<u>5,481,407</u>
Surplus (deficiency) of revenue over expenditure before unfunded adjustments	264,396	-	-	264,396	(2,672,095)
Change in severance and annual leave liability	-	-	(271,007)	(271,007)	552,432
Accumulated amortization	<u>-</u>	<u>(2,342,605)</u>	<u>-</u>	<u>(2,342,605)</u>	<u>(2,249,802)</u>
	<u>264,396</u>	<u>(2,342,605)</u>	<u>(271,007)</u>	<u>(2,349,216)</u>	<u>(4,369,465)</u>
Balance, ending	<u>\$(1,159,268)</u>	<u>14,051,631</u>	<u>(10,518,716)</u>	<u>2,373,647</u>	<u>1,111,942</u>

See accompanying notes

Subject to the accompanying Auditors' Report

COLLEGE OF THE NORTH ATLANTIC

Statement of Revenue and Expenditures

Year ended March 31, 1999

1999

1998

Revenue (Schedule 1):

Grant-in-aid	\$ 40,620,700	39,576,425
Administration	475,196	528,022
Instructional	16,151,817	13,348,132
Student services	604,976	651,466
Community education	936,057	874,987
Resale	3,559,138	3,369,441
Contract training	12,459,611	9,626,996
Marketing and international	1,047,236	519,826
Special projects	<u>2,633,468</u>	<u>1,402,842</u>

Total revenue

78,488,199 69,898,137

Expenditures:

Administration (Schedule 2)	18,360,506	16,677,954
Instructional (Schedule 3)	34,455,491	34,902,382
Student services (Schedule 4)	4,035,364	4,519,367
Community education (Schedule 5)	1,300,520	1,318,860
Resale (Schedule 6)	3,843,271	3,571,097
Contract training (Schedule 7)	11,682,673	8,839,460
Marketing and international (Schedule 8)	1,711,559	1,261,437
Special projects (Schedule 9)	<u>2,834,419</u>	<u>1,479,675</u>

Total expenditures (Schedule 10)

78,223,803 72,570,232

Surplus (deficiency) before unfunded adjustments

264,396 (2,672,095)

Unfunded adjustments:

Amortization	(2,342,605)	(2,249,802)
Severance	(297,312)	405,728
Vacation pay	<u>26,305</u>	<u>146,704</u>

(2,613,612) (1,697,370)

Deficiency of revenue over expenditures

\$(2,349,216) (4,369,465)

See accompanying notes

Subject to the accompanying Auditors' Report

COLLEGE OF THE NORTH ATLANTIC

Statement of Cash Flow

Year ended March 31, 1999

	1999	1998
Cash		
Operations:		
Deficiency of revenue over expenditures	\$(2,349,216)	(4,369,465)
Add items of a non-operational nature:		
Amortization	2,342,605	2,249,802
Capital expenditures out of revenue	<u>2,610,544</u>	<u>1,352,926</u>
	2,603,933	(766,737)
Changes in:		
Current assets	(1,711,060)	(1,015,852)
Trust accounts	(4,214)	4,214
Current liabilities	2,171,645	(2,100,161)
Accrued severance pay	<u>(202,688)</u>	<u>(405,728)</u>
	<u>2,857,616</u>	<u>(4,284,264)</u>
Financing:		
Capital contributions:		
Province of Newfoundland - current	1,000,000	500,000
- prior	377	62,624
Reduction in capital lease obligations	<u>-</u>	<u>(27,029)</u>
	<u>1,000,377</u>	<u>535,595</u>
Investing:		
Additions to capital assets	<u>(3,610,922)</u>	<u>(1,915,550)</u>
Net increase (decrease) in cash	247,071	(5,664,219)
Cash:		
Beginning	<u>(2,688,057)</u>	<u>2,976,162</u>
Ending	<u>\$(2,440,986)</u>	<u>(2,688,057)</u>

See accompanying notes

Subject to the accompanying Auditors' Report

COLLEGE OF THE NORTH ATLANTIC

Schedule 1.

Revenue

Year ended March 31, 1998

	1999	1998
Grant-in-aid	<u>\$ 40,620,700</u>	<u>39,576,425</u>
Administration:		
Interest	212,513	145,666
Miscellaneous	<u>262,683</u>	<u>382,356</u>
	<u>475,196</u>	<u>528,022</u>
Instructional:		
Apprenticeship	1,919,445	1,405,556
Tuition	7,329,604	7,855,684
Equipment and materials	1,017,106	901,513
Special seat	5,784,044	2,963,535
Miscellaneous	<u>101,618</u>	<u>221,844</u>
	<u>16,151,817</u>	<u>13,348,132</u>
Student services:		
Application fee	230,385	183,754
Registration fee	297,690	306,003
Miscellaneous	<u>76,901</u>	<u>161,709</u>
	<u>604,976</u>	<u>651,466</u>
Community education:		
Tuition	932,409	870,581
Miscellaneous	<u>3,648</u>	<u>4,406</u>
	<u>936,057</u>	<u>874,987</u>
Resale:		
Bookstore	1,825,935	1,864,145
Printing	-	8,750
Food services	1,219,247	982,905
Daycare	251,739	272,811
Residence	247,878	222,255
Miscellaneous	<u>14,339</u>	<u>18,575</u>
	<u>3,559,138</u>	<u>3,369,441</u>
Contract training	<u>12,459,611</u>	<u>9,626,996</u>
Marketing and international	<u>1,047,236</u>	<u>519,826</u>
Special projects	<u>2,633,468</u>	<u>1,402,842</u>
	<u>\$ 78,488,199</u>	<u>69,898,137</u>

See accompanying notes

Subject to the accompanying Auditors' Report

COLLEGE OF THE NORTH ATLANTIC

Schedule 2.

Expenditures - Administration

Year ended March 31, 1999

	1999	1998
Salaries and benefits	\$ 11,009,589	9,546,226
Professional development	33,467	28,854
Professional fees	173,995	118,404
Staff travel	741,525	787,660
Recruitment and relocation	166,206	71,327
Insurance	226,627	186,244
Bank fees/charges	89,849	71,803
Photocopying/printing	508,066	428,310
Office supplies	262,401	237,432
Membership fees	47,394	95,062
General advertising	251,713	206,434
Doubtful receivables	331,939	84,170
Freight/customs	52,093	105,320
Telephone	965,397	1,165,864
Utilities	857,922	856,939
Repairs and maintenance	755,748	823,922
Equipment rentals	225,939	264,456
Facilities rentals	308,648	317,770
Protective clothing	8,153	-
Laundry and drycleaning	1,536	1,719
Computer supplies	606,298	401,147
Capital expenditures out of revenue	183,054	45,602
Educational materials	1,443	5,117
Minor equipment and tools	38,723	72,122
Materials and supplies	392,310	595,108
Contribution to CFES	77,846	90,000
Miscellaneous	42,625	70,942
Total administration	<u>\$ 18,360,506</u>	<u>16,677,954</u>

See accompanying notes

Subject to the accompanying Auditors' Report

COLLEGE OF THE NORTH ATLANTIC

Schedule 3.

Expenditures - Instructional

Year ended March 31, 1999

	1999	1998
Salaries and benefits	\$ 30,236,452	31,184,839
Professional development	59,331	17,567
Professional fees	64,642	48,324
Staff travel	230,950	269,519
Recruitment and relocation	4,093	40,605
Photocopying/printing	64,939	42,480
Office supplies	30,971	10,250
Membership fees	3,995	10,764
General advertising	17,998	50,434
Freight/customs	26,320	39,116
Telephone	20,128	20,194
Repairs and maintenance	264,499	115,708
Equipment rentals	93,649	102,282
Facilities rentals	120,776	176,242
Protective clothing	4,689	-
Food services	130,471	141,521
Laundry and drycleaning	800	5,486
Computer supplies	261,465	284,730
Contracted services	21,501	249,163
Capital expenditures out of revenue	194,260	38,092
Educational materials	56,605	67,132
Student related	923,954	242,806
Minor equipment and tools	130,884	284,620
Materials and supplies	1,490,954	1,455,462
Miscellaneous	1,165	5,046
Total instructional	<u>\$ 34,455,491</u>	<u>34,902,382</u>

See accompanying notes

Subject to the accompanying Auditors' Report

COLLEGE OF THE NORTH ATLANTIC

Schedule 4.

Expenditures - Student Services

Year ended March 31, 1999

	1999	1998
Salaries and benefits	\$ 3,571,899	3,818,847
Professional development	2,064	12,553
Staff travel	27,005	42,821
Photocopying/printing	34,745	30,804
Office supplies	54,532	7,900
Membership fees	802	3,986
General advertising	5,647	21,131
Freight/customs	2,411	3,308
Telephone	25,845	45,265
Repairs and maintenance	4,995	19,554
Equipment rentals	6,146	5,682
Facilities rentals	31,046	1,286
Laundry and drycleaning	248	2,436
Computer supplies	11,338	15,939
Capital expenditures out of revenue	1,098	1,076
Educational materials	169,641	242,994
Student related	26,440	37,068
Minor equipment and tools	7,452	21,549
Materials and supplies	50,190	181,665
Miscellaneous	<u>1,820</u>	<u>3,503</u>
Total student services	<u>\$ 4,035,364</u>	<u>4,519,367</u>

See accompanying notes

Subject to the accompanying Auditors' Report

COLLEGE OF THE NORTH ATLANTIC

Schedule 5.

Expenditures - Community Education

Year ended March 31, 1999

	1999	1998
Salaries and benefits	\$ 1,004,904	1,025,100
Professional development	522	1,117
Professional fees	64,250	34,472
Staff travel	35,785	32,396
Photocopying/printing	9,216	9,049
Office supplies	5,142	6,074
General advertising	60,055	55,352
Freight/customs	2,857	1,181
Telephone	15,684	19,628
Repairs and maintenance	593	9,780
Equipment rentals	3,231	1,056
Facilities rentals	22,896	31,645
Computer supplies	1,581	3,333
Contracted services	1,745	1,620
Capital expenditures out of revenue	-	7,678
Student related	8,741	1,306
Minor equipment and tools	2,568	3,187
Materials and supplies	<u>60,750</u>	<u>74,886</u>
Total community education	<u>\$ 1,300,520</u>	<u>1,318,860</u>

See accompanying notes

Subject to the accompanying Auditors' Report

COLLEGE OF THE NORTH ATLANTIC

Schedule 6.

Expenditures - Resale

Year ended March 31, 1999

	1999	1998
Salaries and benefits	\$ 1,443,168	920,945
Staff travel	2,570	3,189
Photocopying/printing	1,799	1,947
Office supplies	18,159	33,038
Freight/customs	94,234	62,926
Telephone	2,386	1,156
Utilities	6,401	5,999
Repairs and maintenance	4,593	2,770
Protective clothing	4,704	-
Food services	586,532	468,755
Laundry and drycleaning	15,676	3,198
Textbooks and supplies	1,477,424	1,708,359
Computer supplies	790	4,229
Contracted services	27,307	-
Daycare operations	45,806	56,071
Minor equipment and tools	3,391	3,295
Materials and supplies	108,331	264,382
Miscellaneous	-	30,838
Total resale	<u>\$ 3,843,271</u>	<u>3,571,097</u>

See accompanying notes

Subject to the accompanying Auditors' Report

COLLEGE OF THE NORTH ATLANTIC

Schedule 7.

Expenditures - Contract Training

Year ended March 31, 1999

	1999	1998
Salaries and benefits	\$ 6,657,865	5,691,851
Professional development	120,938	168,107
Professional fees	326,432	241,567
Staff travel	246,065	202,756
Recruitment and relocation	6,542	1,307
Insurance	18,757	-
Photocopying/printing	23,587	25,978
Office supplies	23,408	22,543
Membership fees	1,384	12,056
General advertising	84,065	93,328
Freight/customs	29,805	19,340
Telephone	18,151	37,768
Repairs and maintenance	41,839	45,601
Equipment rentals	127,840	65,416
Facilities rentals	225,382	161,092
Computer supplies	83,841	71,574
Contracted services	923,721	85,279
Capital expenditures out of revenue	1,313,280	835,379
Educational materials	30,924	14,497
Student related	154,754	46,606
Minor equipment and tools	81,485	80,643
Materials and supplies	1,128,625	910,826
Miscellaneous	<u>13,983</u>	<u>5,946</u>
Total contract training	<u>\$ 11,682,673</u>	<u>8,839,460</u>

See accompanying notes

Subject to the accompanying Auditors' Report

COLLEGE OF THE NORTH ATLANTIC

Schedule 8.

Expenditures - Marketing and International

Year ended March 31, 1999

	1999	1998
Salaries and benefits	\$ 447,874	384,604
Professional development	466	1,994
Professional fees	34,266	32,163
Staff travel	44,157	94,818
Photocopying and printing	-	2,005
Office related supplies	2,571	1,298
Membership fees	21,041	7,316
General advertising	406,443	253,557
Freight and customs	470	12,200
Telephone	6,710	3,167
Contracted services	-	1,622
Capital expenditures out of revenue	-	2,872
Educational materials	664	5,203
Materials and supplies	<u>24,329</u>	<u>19,792</u>
Subtotal	<u>988,991</u>	<u>822,611</u>
Special projects:		
Salaries and benefits	75,358	38,809
Professional development	-	31,790
Professional fees	295,116	114,740
Staff travel	292,079	195,859
General advertising	172	5,474
Freight and customs	762	2,006
Computer supplies	25,233	-
Capital expenditures out of revenue	3,316	9,970
Materials and supplies	<u>30,532</u>	<u>40,178</u>
Subtotal special projects	<u>722,568</u>	<u>438,826</u>
Total marketing and international	<u>\$ 1,711,559</u>	<u>1,261,437</u>

See accompanying notes

Subject to the accompanying Auditors' Report

COLLEGE OF THE NORTH ATLANTIC

Schedule 9.

Expenditures - Special Projects

Year ended March 31, 1999

	1999	1998
Salaries and benefits	\$ 527,569	483,501
Professional development	83,775	29,475
Professional fees	257,259	83,032
Staff travel	93,206	79,652
Photocopying and printing	5,968	27,360
General advertising	2,193	3,766
Freight and customs	4,598	1,021
Telephone	7,687	7,291
Equipment rentals	531,236	-
Facilities rentals	1,104	7,687
Computer supplies	48,150	97,683
Contracted services	165,953	-
Capital expenditures out of revenue	915,538	441,051
Educational materials	1,057	5,355
Student related	14,141	20,003
Minor equipment and tools	27,275	32,668
Materials and supplies	142,735	155,738
Miscellaneous	4,975	4,392
Total special projects	<u>\$ 2,834,419</u>	<u>1,479,675</u>

See accompanying notes

Subject to the accompanying Auditors' Report

COLLEGE OF THE NORTH ATLANTIC

Schedule 10.

Expenditures - Distribution Summary

Year ended March 31, 1999

	1999	1998
Salaries and benefits	\$ 54,974,679	53,094,722
Professional development	300,562	291,457
Professional fees	1,215,960	672,702
Staff travel	1,718,412	1,708,670
Recruitment and relocation	171,772	114,450
Insurance	245,724	186,244
Bank fees/charges	89,849	71,803
Photocopying/printing	648,325	567,933
Office supplies	397,186	318,535
Membership fees	76,167	129,184
General advertising	828,284	689,476
Doubtful receivables	331,939	84,170
Freight/customs	213,549	246,418
Telephone	1,061,988	1,304,814
Utilities	863,279	891,775
Repairs and maintenance	1,073,584	1,017,335
Equipment rentals	988,632	438,892
Facilities rentals	709,852	695,722
Protective clothing	18,257	-
Food services	718,155	656,428
Laundry and drycleaning	18,934	12,839
Textbooks and supplies	1,485,836	1,721,940
Computer supplies	1,038,929	878,635
Contracted services	1,140,527	369,963
Capital expenditures out of revenue	2,610,544	1,352,926
Educational materials	260,561	340,298
Daycare operations	45,806	63,954
Student related	1,120,361	477,169
Minor equipment and tools	292,196	498,084
Materials and supplies	3,420,590	3,460,576
Contribution to CFES	77,846	90,000
Miscellaneous	65,518	123,118
Total expenditures	<u>\$ 78,223,803</u>	<u>72,570,232</u>

See accompanying notes

Subject to the accompanying Auditors' Report

COLLEGE OF THE NORTH ATLANTIC

Notes to the Financial Statements

March 31, 1999

Authority

The College of the North Atlantic (the College) operates under the authority of the College Act, 1996, Province of Newfoundland and Labrador. Effective January 1, 1997, the board of the College of the North Atlantic assumed management operations of the five former regional colleges. As of September, 1997 the administrative amalgamation was substantially complete.

1. Accounting policies:

(a) Basis of accounting

The College follows the accrual basis of accounting.

(b) Inventory

Inventory which consist mainly of books and food supplies is recorded at the lower of cost or net realizable value.

(c) Capital Assets

Capital assets are recorded at their acquisition cost except in cases where the acquisition cost is not available. In those cases assets are recorded at estimated acquisition cost or estimated replacement cost. The threshold for acquisition cost is greater than or equal to \$1,000.

Capital acquisitions financed by capital grants are not charged to operations in the year of acquisition. The expenditure is recorded as a capital asset and the capital grant is recorded as equity. Capital acquisitions financed by current account funds are charged to operations in the year of acquisition. The expenditure is recorded as a capital asset with an offsetting credit to the equity in capital asset account.

Disposals of capital assets are deleted from the accounts at their original cost and a corresponding reduction is made to the applicable equity in capital assets account.

Amortization is being provided on a diminishing balance basis at the following rates:

Furniture and equipment	20%
Vehicles	30%
Capital improvements	4%

(d) Deferred revenue

The College records as deferred revenue any grants or revenue received that is intended to fund purchases or activities of future fiscal years. The deferral is recorded as revenue in the year in which it can be matched to the related expenditures.

COLLEGE OF THE NORTH ATLANTIC

Notes to the Financial Statements

March 31, 1999

(e) Unexpended capital grants

Capital grants received are not recorded as revenue but are credited to an account "Unexpended capital grants". Capital assets purchased from capital contributions reduce the unexpended capital grants account.

(f) Income taxes

In accordance with Section 6 of the College Act, 1996, the College is a crown entity and as such is not subject to either Federal or Provincial income taxes and is exempt from Municipal Property taxes.

(g) Severance and vacation pay

Severance and vacation pay are recorded on an accrual basis and are included in operating expenses for the year.

2. Receivables:

	<u>1999</u>	<u>1998</u>
Career Academy	\$ 817,444	-
Government of Newfoundland	2,116,827	1,497,982
Students	343,706	283,687
Other	<u>5,360,074</u>	<u>4,702,385</u>
	8,638,051	6,484,054
Less allowance for doubtful accounts	<u>331,624</u>	<u>159,798</u>
	<u>\$ 8,306,427</u>	<u>6,324,256</u>

3. Capital assets:

	<u>1999</u>			<u>1998</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and equipment	\$ 47,968,895	37,597,991	10,370,903	9,108,095
Vehicles	2,460,321	2,386,046	74,275	106,107
Capital improvements	<u>4,658,209</u>	<u>1,051,756</u>	<u>3,606,453</u>	<u>3,569,113</u>
	<u>\$ 55,087,425</u>	<u>41,035,793</u>	<u>14,051,631</u>	<u>12,783,315</u>

The land and most buildings being used by the College are the property of the Province of Newfoundland and Labrador. Expenditures for repairs and maintenance of these buildings, paid by the Province, are not recorded in the financial statements of the College.

COLLEGE OF THE NORTH ATLANTIC

Notes to the Financial Statements

March 31, 1999

4. Trust Accounts:

The College keeps in trust and manages other funds it receives from time to time for scholarships. At year end the trust funds had the following balances:

	<u>1999</u>	<u>1998</u>
Bay St. George/Port aux Basques:		
Student Council	\$ 41,657	40,648
Olive Young Memorial	6,441	6,571
Don Wright	3,595	3,741
Business Studies	2,438	2,567
Mineral Technology	2,416	2,348
William Coady	892	966
Jenny Shears Memorial	2,518	-
Other	<u>981</u>	<u>910</u>
	<u>60,937</u>	<u>57,751</u>
Corner Brook/St. Anthony:		
Environmental	75,000	75,000
Fisher Institute	12,217	11,878
Forestry	3,249	3,592
W. J. Howell	<u>3,277</u>	<u>2,481</u>
	<u>93,743</u>	<u>92,951</u>
Provincial:		
Royal Bank	<u>51,488</u>	<u>50,134</u>
St. John's:		
General	35,599	38,824
Hibernia	30,053	30,000
Homebuilders	22,657	21,947
Taylor	11,792	11,785
David Squires	8,402	8,142
Jack McGrath	6,686	6,490
John Reynolds	5,157	4,824
Seaborn	4,422	4,514
Computer studies	3,388	3,263
Albright and Wilson	<u>2,569</u>	<u>3,048</u>
	<u>130,724</u>	<u>132,837</u>
	<u>\$ 336,891</u>	<u>333,673</u>

At year end the trust accounts were invested as follows:

Cash	\$ 261,891	208,673
Term deposits	75,000	125,000
Interest receivable	<u>-</u>	<u>4,214</u>
	<u>\$ 336,891</u>	<u>337,887</u>

COLLEGE OF THE NORTH ATLANTIC

Notes to the Financial Statements

March 31, 1999

5. Pensions:

Under Section 26 of the College Act, 1996, College staff are subject to the Public Service Pension Act, 1996. Employee contributions are matched by the College and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire.

6. Lease Commitments:

The College leases some equipment under long-term operating leases. Lease payments for the next four years committed under operating leases extending beyond one year, are as follows:

1999-2000	\$ 360,004
2000-2001	188,489
2001-2002	134,483
2002-2003	52,226

7. Due to Centre for Forest and Environmental Studies:

The Centre for Forest and Environmental Studies (CFES) was founded in 1990 and incorporated as a separate entity in 1995. While the financial transactions are processed through the College, separate financial statements are prepared for CFES.

8. Uncertainty due to the Year 2000 issue:

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date.

The effects of the Year 2000 issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure, which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

COLLEGE OF THE NORTH ATLANTIC
AUDITORS' REPORT
FINANCIAL STATEMENTS - MARCH 31, 2000

COLLEGE OF THE NORTH ATLANTIC

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AUDITORS' REPORT

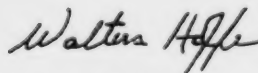
To the Board of Directors of the College of the North Atlantic

We have audited the balance sheet of the College of the North Atlantic as at March 31, 2000 and the statements of equity, revenue and expenditures and cash flow for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The College's policy of expensing capital assets in the year of acquisition is not in accordance with generally accepted accounting principles, as described in Note 2. Also, due to the accounting records, we were unable to obtain necessary assurance as to the completeness and valuation of the capital assets. Consequently, we were unable to satisfy ourselves that the capital assets are accurately recorded and whether adjustments were required in respect of capital assets and equity in capital assets.

In our opinion, except for the effects on the financial statements of the matters referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2000, and the results of its operations and the changes in cash flows for the year then ended, in accordance with generally accepted accounting principles.



Chartered Accountants

Gander, Newfoundland

June 16, 2000

COLLEGE OF THE NORTH ATLANTIC

Balance Sheet

March 31, 2000

2000

1999

Assets

Current assets:

Cash	\$ 2,969,288	-
Receivables (Note 3)	5,765,371	8,306,427
Inventory	708,164	619,445
Prepaid expenses	<u>364,460</u>	<u>200,951</u>

Total current assets 9,807,283 9,126,823

Capital assets (Note 4) 17,613,813 14,051,632

Trust accounts (Note 5) 368,495 336,891

\$ 27,789,591 23,515,346

Liabilities and Equity

Current liabilities:

Due to bank	\$ -	2,440,986
Payables and accruals	5,919,281	4,377,931
Accrued vacation pay - management (Note 9)	662,653	-
- other	3,117,249	3,439,104
Deferred revenue	2,823,496	3,429,276
Due to Centre for Forest and Environmental Studies (Note 8)	19,720	37,899
Current portion of accrued severance pay	<u>1,000,000</u>	<u>1,500,000</u>

Total current liabilities 13,542,399 15,225,196

Trust accounts (Note 5) 380,380 336,891

Accrued severance pay 6,906,063 5,579,612

20,828,842 21,141,699

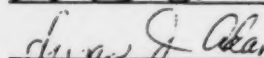
Equity, per accompanying statement 6,960,749 2,373,647

\$ 27,789,591 23,515,346

See accompanying notes

Approved:

 Director

 Director

Subject to the accompanying Auditors' Report

COLLEGE OF THE NORTH ATLANTIC

Statement of Equity

Year ended March 31, 2000

	<u>Operating</u>	<u>Capital Assets</u>	<u>Severance and Annual Leave</u>	<u>2000 Total</u>	<u>1999 Total</u>
Balance, beginning	\$(1,159,268)	14,051,631	(10,518,716)	2,373,647	1,111,942
Capital contributions:					
Province of Newfoundland					
Current	-	500,000	-	500,000	1,000,000
Prior	-	131	-	131	377
Capital expenditures out of revenue	-	5,953,561	-	5,953,561	2,610,544
Surplus (deficiency) of revenue over expenditure	1,529,516	-	(504,596)	1,024,920	(6,611)
Amortization	<u>-</u>	<u>(2,891,510)</u>	<u>-</u>	<u>(2,891,510)</u>	<u>(2,342,605)</u>
Balance, ending	<u>\$ 370,248</u>	<u>17,613,813</u>	<u>(11,023,312)</u>	<u>6,960,749</u>	<u>2,373,647</u>

See accompanying notes

Subject to the accompanying Auditors' Report

COLLEGE OF THE NORTH ATLANTIC

Statement of Revenue and Expenditures

Year ended March 31, 2000

	2000	1999
Revenue (Schedule 1):		
Grant-in-aid	\$ 45,598,000	40,620,700
Administration	321,435	475,196
Instructional	17,562,714	14,232,372
Student services	683,776	604,976
Community education	902,678	936,057
Resale	3,998,705	3,559,138
Apprenticeship	1,831,928	1,919,445
Contract training	11,560,579	12,459,611
Marketing and international	685,527	1,047,236
Special projects	<u>4,242,834</u>	<u>2,633,468</u>
Total revenue	<u>87,388,176</u>	<u>78,488,199</u>
Expenditures:		
Administration (Schedule 2)	21,823,817	18,360,506
Instructional (Schedule 3)	35,050,064	32,371,068
Student services (Schedule 4)	5,148,277	4,035,364
Community education (Schedule 5)	972,371	1,300,520
Resale (Schedule 6)	4,436,982	3,843,271
Apprenticeship (Schedule 7)	1,605,767	2,084,423
Contract training (Schedule 8)	10,860,192	11,682,673
Marketing and international (Schedule 9)	1,527,253	1,711,559
Special projects (Schedule 10)	<u>4,433,937</u>	<u>2,834,419</u>
Total expenditures (Schedule 11)	<u>85,858,660</u>	<u>78,223,803</u>
Surplus before unfunded adjustments	1,529,516	264,396
Unfunded adjustments:		
Severance	(826,452)	(297,312)
Vacation pay	<u>321,856</u>	<u>26,305</u>
	<u>(504,596)</u>	<u>(271,007)</u>
Surplus (deficiency) of revenue over expenditures	<u>\$ 1,024,920</u>	<u>(6,611)</u>

See accompanying notes

Subject to the accompanying Auditors' Report

COLLEGE OF THE NORTH ATLANTIC

Statement of Cash Flow

Year ended March 31, 2000

	2000	1999
Cash		
Operations:		
Surplus (deficiency) of revenue over expenditures	\$ 1,024,920	(6,611)
Add item of a non-operational nature:		
Capital expenditures out of revenue	<u>5,953,561</u>	<u>2,610,544</u>
	6,978,481	2,603,933
Changes in:		
Current assets	2,288,829	(1,711,060)
Trust accounts	11,885	(4,214)
Current liabilities	1,258,189	2,171,645
Accrued severance pay	<u>826,451</u>	<u>(202,688)</u>
	<u>11,363,835</u>	<u>2,857,616</u>
Financing:		
Capital contributions:		
Province of Newfoundland - current	500,000	1,000,000
- prior	<u>131</u>	<u>377</u>
	<u>500,131</u>	<u>1,000,377</u>
Investing:		
Additions to capital assets	<u>(6,453,692)</u>	<u>(3,610,922)</u>
Net increase in cash	5,410,274	247,071
Cash:		
Beginning	<u>(2,440,986)</u>	<u>(2,688,057)</u>
Ending	<u>\$ 2,969,288</u>	<u>(2,440,986)</u>

See accompanying notes

Subject to the accompanying Auditors' Report

COLLEGE OF THE NORTH ATLANTIC

Schedule 1.

Revenue

Year ended March 31, 2000	2000	1999
Grant-in-aid	<u>\$ 45,598,000</u>	<u>40,620,700</u>
Administration:		
Interest	213,025	212,513
Other	<u>108,410</u>	<u>262,683</u>
	<u>321,435</u>	<u>475,196</u>
Instructional:		
Tuition	9,095,226	7,329,604
Equipment and materials	1,152,587	1,017,106
Special seat	1,925,388	5,784,044
Subsidy	5,325,377	-
Other	<u>64,136</u>	<u>101,618</u>
	<u>17,562,714</u>	<u>14,232,372</u>
Student services:		
Application fee	222,747	230,385
Registration fee	383,862	297,690
Other	<u>77,167</u>	<u>76,901</u>
	<u>683,776</u>	<u>604,976</u>
Community education:		
Tuition	892,148	932,409
Other	<u>10,530</u>	<u>3,648</u>
	<u>902,678</u>	<u>936,057</u>
Resale:		
Bookstore	2,430,898	1,825,935
Food services	1,007,626	1,219,247
Daycare	273,033	251,739
Residence	278,280	247,878
Other	<u>8,868</u>	<u>14,339</u>
	<u>3,998,705</u>	<u>3,559,138</u>
Apprenticeship	<u>1,831,928</u>	<u>1,919,445</u>
Contract training:		
Contracts	10,472,817	12,459,611
Subsidy	<u>1,087,762</u>	<u>-</u>
	<u>11,560,579</u>	<u>12,459,611</u>
Marketing and international	<u>685,527</u>	<u>1,047,236</u>
Special projects	<u>4,242,834</u>	<u>2,633,468</u>
	<u>\$ 87,388,176</u>	<u>78,488,199</u>
See accompanying notes		

Subject to the accompanying Auditors' Report

COLLEGE OF THE NORTH ATLANTIC

Schedule 2.

Expenditures - Administration

Year ended March 31, 2000

	2000	1999
Salaries and benefits	\$ 11,929,515	11,009,589
Professional development	246,734	33,467
Professional fees	220,943	173,995
Staff travel	802,477	741,525
Recruitment and relocation	129,071	166,206
Insurance	74,244	226,627
Bank fees/charges	95,079	89,849
Photocopying/printing	441,297	508,066
Office related supplies	324,077	262,401
Membership fees	58,643	47,394
General advertising	281,704	251,713
Doubtful receivables	138,455	331,939
Freight/customs	91,357	52,093
Telephone	1,041,045	965,397
Utilities	914,187	857,922
Repairs and maintenance	989,533	755,748
Equipment rentals	179,052	225,939
Facilities rentals	316,835	308,648
Protective clothing	10,045	8,153
Laundry and drycleaning	2,217	1,536
Computer supplies	912,755	606,298
Capital expenditures out of revenue	1,637,398	183,054
Educational materials	3,935	1,443
Minor equipment and tools	127,358	38,723
Materials and supplies	536,781	392,310
Contribution to CATI/CFES	315,968	77,846
Miscellaneous	3,112	42,625
Total administration	<u>\$ 21,823,817</u>	<u>18,360,506</u>

See accompanying notes

Subject to the accompanying Auditors' Report

COLLEGE OF THE NORTH ATLANTIC

Schedule 3.

Expenditures - Instructional

Year ended March 31, 2000

	2000	1999
Salaries and benefits	\$ 30,090,802	28,763,636
Professional development	47,225	59,331
Professional fees	59,032	58,021
Staff travel	288,517	215,236
Recruitment and relocation	-	4,093
Photocopying/printing	49,043	64,915
Office related supplies	16,060	30,971
Membership fees	5,508	3,995
General advertising	13,246	17,998
Freight/customs	22,833	26,082
Telephone	18,315	20,128
Repairs and maintenance	221,730	262,127
Equipment rentals	100,042	93,649
Facilities rentals	156,535	120,776
Protective clothing	1,992	4,590
Food services	29,791	93,613
Laundry and drycleaning	462	800
Computer supplies	429,062	261,465
Contracted services	62,604	9,707
Capital expenditures out of revenue	1,364,785	60,103
Educational materials	42,317	56,605
Student related	103,238	725,987
Minor equipment and tools	304,138	118,989
Materials and supplies	1,622,787	1,297,086
Miscellaneous	-	1,165
Total instructional	<u>\$ 35,050,064</u>	<u>32,371,068</u>

See accompanying notes

Subject to the accompanying Auditors' Report

COLLEGE OF THE NORTH ATLANTIC

Schedule 4.

Expenditures - Student Services**Year ended March 31, 2000**

	2000	1999
Salaries and benefits	\$ 4,207,701	3,571,899
Professional development	2,680	2,064
Professional fees	18,011	-
Staff travel	87,349	27,005
Photocopying/printing	28,973	34,745
Office related supplies	58,884	54,532
Membership fees	729	802
General advertising	13,096	5,647
Freight/customs	2,396	2,411
Telephone	44,730	25,845
Repairs and maintenance	2,962	4,995
Equipment rentals	22	6,146
Facilities rentals	6,498	31,046
Laundry and drycleaning	-	248
Computer supplies	32,818	11,338
Contracted services	112,875	-
Capital expenditures out of revenue	84,402	1,098
Educational materials	204,553	169,641
Student related	22,928	26,440
Minor equipment and tools	27,761	7,452
Materials and supplies	188,909	50,190
Miscellaneous	-	1,820
Total student services	<u>\$ 5,148,277</u>	<u>4,035,364</u>

See accompanying notes

Subject to the accompanying Auditors' Report

COLLEGE OF THE NORTH ATLANTIC

Schedule 5.

Expenditures - Community Education

Year ended March 31, 2000

2000

1999

Salaries and benefits	\$ 707,783	1,004,904
Professional development	-	522
Professional fees	20,954	64,250
Staff travel	33,489	35,785
Photocopying/printing	4,605	9,216
Office related supplies	4,168	5,142
General advertising	54,373	60,055
Freight/customs	371	2,857
Telephone	3,538	15,684
Repairs and maintenance	1,073	593
Equipment rentals	12,681	3,231
Facilities rentals	12,248	22,896
Computer supplies	-	1,581
Contracted services	5,402	1,745
Capital expenditures out of revenue	15,144	-
Student related	170	8,741
Minor equipment and tools	9,127	2,568
Materials and supplies	<u>87,245</u>	<u>60,750</u>
Total community education	<u>\$ 972,371</u>	<u>1,300,520</u>

See accompanying notes

Subject to the accompanying Auditors' Report

COLLEGE OF THE NORTH ATLANTIC

Schedule 6.

Expenditures - Resale

Year ended March 31, 2000

	2000	1999
Salaries and benefits	\$ 1,571,979	1,443,168
Staff travel	664	2,570
Photocopying/printing	1,260	1,799
Office related supplies	21,499	18,159
Freight/customs	83,598	94,234
Telephone	1,949	2,386
Utilities	5,647	6,401
Repairs and maintenance	15,702	4,593
Protective clothing	-	4,704
Food services	667,630	586,532
Laundry and drycleaning	14,109	15,676
Textbooks and supplies	1,901,722	1,477,424
Computer supplies	855	790
Contracted services	-	27,307
Capital expenditures out of revenue	1,971	-
Daycare operations	78,556	45,806
Minor equipment and tools	6,529	3,391
Materials and supplies	<u>63,312</u>	<u>108,331</u>
Total resale	<u>\$ 4,436,982</u>	<u>3,843,271</u>

See accompanying notes

Subject to the accompanying Auditors' Report

COLLEGE OF THE NORTH ATLANTIC

Schedule 7.

Expenditures - Apprenticeship

Year ended March 31, 2000

	2000	1999
Salaries and benefits	\$ 1,149,349	1,472,816
Professional fees	2,827	6,621
Staff travel	11,594	15,714
Photocopying/printing	3,150	24
Freight/customs	1,002	238
Repairs and maintenance	13,297	2,372
Protective clothing	831	99
Food services	30,777	36,860
Contracted services	-	11,794
Capital expenditures out of revenue	46,463	134,157
Student related	164,180	197,967
Minor equipment and tools	19,953	11,895
Materials and supplies	<u>162,344</u>	<u>193,866</u>
Total apprenticeship	<u>\$ 1,605,767</u>	<u>2,084,423</u>

See accompanying notes

Subject to the accompanying Auditors' Report

COLLEGE OF THE NORTH ATLANTIC

Schedule 8.

Expenditures - Contract Training

Year ended March 31, 2000

	2000	1999
Salaries and benefits	\$ 5,857,538	6,657,865
Professional development	9,919	120,938
Professional fees	347,098	326,432
Staff travel	249,870	246,065
Recruitment and relocation	-	6,542
Insurance	-	18,757
Photocopying/printing	20,395	23,587
Office related supplies	13,411	23,408
Membership fees	650	1,384
General advertising	64,584	84,065
Freight/customs	17,895	29,805
Telephone	18,586	18,151
Repairs and maintenance	123,057	41,839
Heavy equipment maintenance	30,222	-
Equipment rentals	60,166	127,840
Facilities rentals	198,353	225,382
Laundry and drycleaning	6,214	-
Computer supplies	50,662	83,841
Contracted services	1,548,231	923,721
Capital expenditures out of revenue	1,010,809	1,313,280
Educational materials	11,972	30,924
Student related	105,049	154,754
Minor equipment and tools	72,342	81,485
Materials and supplies	1,043,169	1,128,625
Miscellaneous	-	13,983
Total contract training	<u>\$ 10,860,192</u>	<u>11,682,673</u>

See accompanying notes

Subject to the accompanying Auditors' Report

COLLEGE OF THE NORTH ATLANTIC

Schedule 9.

Expenditures - Marketing and International

Year ended March 31, 2000

	2000	1999
Salaries and benefits	\$ 487,731	447,874
Professional development	5,950	466
Professional fees	55,254	34,266
Staff travel	78,812	44,157
Photocopying and printing	1,136	-
Office related supplies	10,511	2,571
Membership fees	28,968	21,041
General advertising	354,535	406,443
Freight and customs	926	470
Telephone	6,178	6,710
Capital expenditures out of revenue	20,254	-
Educational materials	-	664
Materials and supplies	<u>7,329</u>	<u>24,329</u>
Subtotal	<u>1,057,584</u>	<u>988,991</u>
Special projects:		
Salaries and benefits	12,690	75,358
Professional fees	89,738	295,116
Staff travel	303,451	292,079
Membership/association fees	2,600	-
General advertising	-	172
Freight and customs	87	762
Computer supplies	309	25,233
Contracted services	19,626	-
Capital expenditures out of revenue	1,367	3,316
Materials and supplies	<u>39,801</u>	<u>30,532</u>
Subtotal special projects	<u>469,669</u>	<u>722,568</u>
Total marketing and international	<u>\$ 1,527,253</u>	<u>1,711,559</u>

See accompanying notes

Subject to the accompanying Auditors' Report

COLLEGE OF THE NORTH ATLANTIC

Schedule 10.

Expenditures - Special Projects

Year ended March 31, 2000

	2000	1999
Salaries and benefits	\$ 1,073,890	527,569
Professional development	93,389	83,775
Professional fees	557,727	257,259
Staff travel	242,584	93,206
Photocopying and printing	18,755	5,968
Office related supplies	7,169	-
General advertising	59,168	2,193
Freight and customs	1,272	4,598
Telephone	9,971	7,687
Building maintenance	96,048	-
Equipment rentals	16,123	531,236
Facilities rentals	15,973	1,104
Computer supplies	56,747	48,150
Contracted services	15,334	165,953
Capital expenditures out of revenue	1,770,967	915,538
Educational materials	2,206	1,057
Student related	32,075	14,141
Minor equipment and tools	69,243	27,275
Materials and supplies	295,296	142,735
Miscellaneous	-	4,975
Total special projects	\$ 4,433,937	2,834,419

See accompanying notes

Subject to the accompanying Auditors' Report

COLLEGE OF THE NORTH ATLANTIC

Schedule 11.

Expenditures - Distribution Summary

Year ended March 31, 2000

	2000	1999
Salaries and benefits	\$ 57,088,977	54,974,679
Professional development	405,897	300,562
Professional fees	1,246,764	1,215,960
Staff travel	2,098,807	1,718,412
Recruitment and relocation	129,071	171,772
Insurance	76,078	245,724
Bank fees/charges	95,079	89,849
Photocopying/printing	568,623	648,325
Office related supplies	455,779	397,186
Membership fees	102,173	76,167
General advertising	840,755	828,284
Doubtful receivables	138,455	331,939
Freight/customs	221,737	213,549
Telephone	1,144,312	1,061,988
Utilities	919,899	863,279
Repairs and maintenance	1,201,938	1,073,584
Equipment rentals	368,561	988,632
Facilities rentals	819,316	709,852
Protective clothing	20,557	18,257
Food services	728,981	718,155
Laundry and drycleaning	23,221	18,934
Textbooks and supplies	1,901,995	1,485,836
Computer supplies	1,491,085	1,038,929
Contracted services	1,776,017	1,140,527
Capital expenditures out of revenue	5,953,561	2,610,544
Educational materials	264,823	260,561
Daycare operations	78,556	45,806
Student related	429,450	1,120,361
Minor equipment and tools	637,810	292,196
Materials and supplies	4,308,166	3,420,590
Contribution to CAT/CFES	315,968	77,846
Miscellaneous	6,249	65,518
Total expenditures	<u>\$ 85,858,660</u>	<u>78,223,803</u>

See accompanying notes

Subject to the accompanying Auditors' Report

COLLEGE OF THE NORTH ATLANTIC

Notes to the Financial Statements

March 31, 2000

Authority

The College of the North Atlantic (the College) operates under the authority of the College Act, 1996, Province of Newfoundland and Labrador. Effective January 1, 1997, the board of the College of the North Atlantic assumed management operations of the five former regional colleges. As of September, 1997 the administrative amalgamation was substantially complete.

1. Accounting policies:

(a) Basis of accounting

The College follows the accrual basis of accounting.

(b) Inventory

Inventory which consist mainly of books and food supplies is recorded at the lower of cost or net realizable value.

(c) Capital Assets

Capital assets are recorded at their acquisition cost except in cases where the acquisition cost is not available. In those cases assets are recorded at estimated acquisition cost or estimated replacement cost. The threshold for acquisition cost is greater than or equal to \$1,000.

Capital acquisitions financed by capital grants are not charged to operations in the year of acquisition. The expenditure is recorded as a capital asset and the capital grant is recorded as equity. Capital acquisitions financed by current account funds are charged to operations in the year of acquisition. The expenditure is recorded as a capital asset with an offsetting credit to the equity in capital asset account.

Disposals of capital assets are deleted from the accounts at their original cost and a corresponding reduction is made to the applicable equity in capital assets account.

Amortization is being provided on the following methods and rates and is being charged directly to the capital assets fund on the statement of equity. The amortization does not appear as a charge on the statement of receipts and expenditures as a result of the College's policy of expensing capital assets from revenue in the year of acquisition. Amortization is being provided to more accurately reflect the realizable value of the capital assets on the balance sheet.

Furniture and equipment	20% diminishing balance
Vehicles	30% diminishing balance
Capital improvements	4% and 20% diminishing balance / straight line

(d) Deferred revenue

The College records as deferred revenue any grants or revenue received that is intended to fund purchases or activities of future fiscal years. The deferral is recorded as revenue in the year in which it can be matched to the related expenditures.

COLLEGE OF THE NORTH ATLANTIC

Notes to the Financial Statements

March 31, 2000

(e) Unexpended capital grants

Capital grants received are not recorded as revenue but are credited to an account "Unexpended capital grants". Capital assets purchased from capital contributions reduce the unexpended capital grants account.

(f) Income taxes

In accordance with Section 6 of the College Act, 1996, the College is a crown entity and as such is not subject to either Federal or Provincial income taxes and is exempt from Municipal Property taxes.

(g) Severance and vacation pay

Severance and vacation pay are recorded on an accrual basis.

2. The College does not conform to generally accepted accounting principles for the recording of capital assets. Capital assets purchased from revenue and from funds derived from special projects are expensed in the year of acquisition.

Generally accepted accounting principles require the purchase of capital assets to be capitalized on the balance sheet and amortized over their estimated useful life. Grants relating to the purchase of these assets should be deferred and recognized as income on the same basis as the amortization to which they relate.

3. Receivables:

	<u>2000</u>	<u>1999</u>
Career Academy	\$ 84,980	817,444
Government of Newfoundland	2,008,562	2,116,827
Students	472,938	343,706
Other	<u>3,455,890</u>	<u>5,360,074</u>
	6,022,370	8,638,051
Less allowance for doubtful accounts	<u>256,999</u>	<u>331,624</u>
	<u>\$ 5,765,371</u>	<u>8,306,427</u>

4. Capital assets:

	<u>2000</u>		<u>1999</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Furniture and equipment	\$ 53,373,873	40,196,356	13,177,517
Vehicles	2,894,989	2,473,529	421,460
Capital improvements	<u>5,272,255</u>	<u>1,257,419</u>	<u>4,014,836</u>
	<u>\$ 61,541,117</u>	<u>42,927,304</u>	<u>17,613,813</u>
			<u>14,051,632</u>

The land and most buildings being used by the College are the property of the Province of Newfoundland and Labrador. Expenditures for repairs and maintenance of these buildings, paid by the Province, are not recorded in the financial statements of the College.

COLLEGE OF THE NORTH ATLANTIC

Notes to the Financial Statements

March 31, 2000

5. Trust Accounts:

The College keeps in trust and manages other funds it receives from time to time for scholarships. At year end the trust funds had the following balances:

	2000	1999
Bay St. George/Port aux Basques:		
Student Council	\$ 42,870	41,657
Olive Young Memorial	6,409	6,441
Don Wright	3,495	3,595
Business Studies	2,340	2,438
Mineral Technology	3,116	2,416
William Coady	830	892
Jenny Shears Memorial	2,323	2,518
Other	872	980
	<u>62,255</u>	<u>60,937</u>
Corner Brook/St. Anthony:		
Environmental	75,000	75,000
Fisher Institute	12,527	12,217
Forestry	2,884	3,249
W. J. Howell	3,114	3,277
	<u>93,525</u>	<u>93,743</u>
Provincial:		
Council	9,235	-
Royal Bank	51,636	51,488
Don Warr	31,252	-
	<u>92,123</u>	<u>51,488</u>
St. John's:		
General	28,633	35,599
Hibernia	29,307	30,053
Homebuilders	22,802	22,657
Taylor	11,484	11,792
David Squires	8,452	8,402
Jack McGrath	5,965	6,686
John Reynolds	5,373	5,157
Seaborn	4,206	4,422
Computer studies	3,429	3,388
Albright and Wilson	941	2,568
	<u>120,592</u>	<u>130,724</u>
	<u>\$ 368,495</u>	<u>336,891</u>
At year end the trust accounts were invested as follows:		
RB Securities	\$ 368,495	261,891
Term deposit	-	75,000
	<u>368,495</u>	<u>336,891</u>
Miscellaneous scholarships in general account	<u>11,885</u>	-
	<u>\$ 380,380</u>	<u>336,891</u>

COLLEGE OF THE NORTH ATLANTIC

Notes to the Financial Statements

March 31, 2000

6. Pensions:

Under Section 26 of the College Act, 1996, College staff are subject to the Public Service Pension Act, 1996. Employee contributions are matched by the College and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire.

7. Lease Commitments:

The College leases some equipment under long-term operating leases. Lease payments for the next four years committed under operating leases extending beyond one year, are as follows:

2000-2001	\$ 446,823
2001-2002	400,233
2002-2003	236,896
2003-2004	10,906

8. Due to Centre for Forest and Environmental Studies:

The Centre for Forest and Environmental Studies (CFES) was founded in 1990 and incorporated as a separate entity in 1995. While the financial transactions are processed through the College, separate financial statements are prepared for CFES.

9. As a result of a change in Board policy regarding the management annual leave program, the change in the annual accrual for management leave is now reflected as a funded expenditure.

The new policy now permits management to carryforward a maximum of 20 vacation days per year. In order to reflect the vacation expense in the proper fiscal period, current operations have been charged with the management accrual of \$662,653.

In previous years the management vacation accrual was shown as an unfunded adjustment.

10. Comparative Figures:

- * Certain of the 1999 comparative figures have been reclassified to conform with the financial presentation adopted in 2000.

Chartered Accountants
Canadian Member Firm of
Grant Thornton International

Doane Raymond 

**Community Health -
St. John's Region
Financial Statements**
March 31, 1998

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Auditors' Report

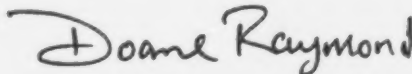
To the Directors of
St. John's Regional Community Health Board

We have audited the balance sheet of Community Health - St. John's Region as at March 31, 1998 and the statements of revenue and cost of services, fund balances and changes in financial position for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 1998 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

St. John's, Newfoundland
June 17, 1998



Chartered Accountants

Community Health - St. John's Region **Statement of Revenue and Cost of Services**

Year Ended March 31

1998

1997

Revenue		
Provincial Plan	\$ 18,164,593	\$ 15,190,348
Amortization of government capital assistance	39,785	40,304
Travel clinics	69,500	57,800
Other	<u>12,757</u>	<u>4,595</u>
	<u>18,286,635</u>	<u>15,293,047</u>
Cost of Services		
Administration	2,795,815	2,448,035
Client services programs		
Addictions	1,051,621	941,887
Continuing Care	8,718,751	7,211,771
Health Promotion and Protection	3,542,419	3,335,487
Mental Health	1,690,066	325,027
Depreciation	169,315	138,808
Severance pay	<u>221,904</u>	<u>242,120</u>
	<u>18,189,891</u>	<u>14,643,135</u>
Excess of revenue over cost of services	<u>\$ 96,744</u>	<u>\$ 649,912</u>

See accompanying notes to the financial statements.

Community Health - St. John's Region **Balance Sheet**

March 31

1998

1997

Assets

Current

Cash	\$ 1,870,572	\$ 1,919,999
Accounts receivable	281,042	2,571,336
Due from Board Fund	404,467	
Prepaid expenses	<u>543,367</u>	<u>399,650</u>
	3,099,448	4,890,985

Capital assets (Note 3)	<u>1,322,316</u>	<u>1,223,996</u>
	<u>\$ 4,421,764</u>	<u>\$ 6,114,981</u>

Liabilities

Current

Accounts payable and accruals	\$ 974,342	\$ 1,554,978
Advance for breast screening project (Note 4)	375,348	969,549
Vacation pay payable	532,477	469,293
Deferred revenue	96,615	896,902
Current portion of long term debt	54,993	48,386
Due to Board Fund	<u></u>	<u>249,985</u>
	2,033,775	4,189,093

Severance pay payable	1,170,088	948,184
Long term debt (Note 5)	931,891	778,380
Deferred government capital assistance (Note 6)	<u>153,302</u>	<u>137,061</u>
	<u>4,289,056</u>	<u>6,052,718</u>

Fund balances

Investment in capital assets (Note 7)	182,130	260,169
Unappropriated equity	<u>(49,422)</u>	<u>(197,906)</u>
	<u>132,708</u>	<u>62,263</u>
	<u>\$ 4,421,764</u>	<u>\$ 6,114,981</u>

Commitments (Note 9)

On behalf of the Board

Easton Hamlet Director Pauline Corbett Director

See accompanying notes to the financial statements.

Doane Raymond 

Community Health - St. John's Region **Statement of Fund Balance**

Year Ended March 31

1998

1997

	Investment in Capital Assets	Unappropriated Equity	Total	Total
Fund balances, beginning of year	\$ 260,169	\$ (197,906)	\$ 62,263	\$ (604,314)
Excess of revenue over cost of services	(129,530)	226,274	96,744	649,912
Transfer of deficit from subsumed organizations	(65,158)	16,270	(48,888)	
Due to Government re: final settlement 1995-96				(1,731)
Transfer for debt repayment	52,206	(52,206)		
Transfer from unappropriated equity for unfunded capital expenditures	41,854	(41,854)		
Transfers (to) from Board Fund for:				
Unfunded capital expenditures	22,589		22,589	71,950
Final settlement 1995-96				(53,554)
Fund balances, end of year	\$ 182,130	\$ (49,422)	\$ 132,708	\$ 62,263

Unappropriated equity comprised of:

Fund balance prior to accrual for unfunded items:	\$ 1,653,143
Vacation pay payable	(532,477)
Severance pay payable	(1,170,088)
	\$ (49,422)

See accompanying notes to the financial statements.

Community Health - St. John's Region
Statement of Changes in Financial Position

Year Ended March 31

1998

1997

Cash derived from (applied to)

Operating		
Excess of revenue over cost of services	\$ 96,744	\$ 649,912
Amortization of government capital assistance	(39,785)	(40,304)
Depreciation	169,315	138,808
Severance pay	221,904	242,120
	<u>448,178</u>	<u>990,536</u>
Change in non-cash operating working capital (Note 8)	<u>234,637</u>	<u>(117,103)</u>
	<u>682,815</u>	<u>873,433</u>
Financing and Investing		
Capital assets transferred from Government	21,027	
Capital contributions from Provincial Plan	35,000	35,000
Transfers from Board Fund	22,589	18,396
Due to Government re: final settlement		(1,731)
Proceeds from long term debt	212,323	650,000
Repayment of long term debt	(52,206)	(18,477)
Advances (to) from Board Fund	(654,452)	16,057
Purchase of capital assets	(267,635)	(764,277)
Transfer of deficit from subsumed organizations	(48,888)	
	<u>(732,242)</u>	<u>(65,032)</u>
(Decrease) increase in cash resources	(49,427)	808,401
Cash resources		
Beginning of year	<u>1,919,999</u>	<u>1,111,598</u>
End of year	<u>\$ 1,870,572</u>	<u>\$ 1,919,999</u>

See accompanying notes to the financial statements.

Community Health - St. John's Region

Notes to the Financial Statements

March 31, 1998

1. Nature of operations

Operating Fund

The Operating Fund is used to account for the operating activities of the Organization provided through the following programs: Continuing Care; Mental Health; Addictions; Health Promotion; and Health Protection. These health care services are provided in the areas of St. John's, Mount Pearl, Bell Island, Conception Bay South and the Southern Shore to St. Shotts. Any investment revenue and interest earned on the operating accounts are credited to the Board Fund. Any operating fund deficits are the responsibility of the Board Fund. The operations of the Board are conducted under the name Community Health - St. John's Region.

During 1997-98 the following additional services were transferred to the Organization's responsibility: PREP Centre, Pleasant Manor, Pottle Centre, ACCESS, Emmanuel House and Naomi Centre.

The results of the Board Fund are presented in separate financial statements.

2. Significant accounting policies

- (a) Accounting for transactions with the Department of Health and the Government of Newfoundland and Labrador.

The Board is reimbursed for the total of its operating costs after deduction of specified revenue and expenditure, including expenses not approved by the Department.

Effective for the 1996 - 1997 fiscal year, the Board is operating within a three year budgeting process. The final settlement amount to be received by the Board for the 1997, 1998 and 1999 fiscal years will not be determined until the end of the third year. Any transfer of an operating surplus to the Board Fund or any transfer from the Board Fund to finance an operating fund deficit will be recorded when the amount is confirmed by a final settlement by the Department of Health.

- (b) Revenue recognition

Community Health - St. John's Region follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Provincial plan revenue is recognized when received or receivable for the fiscal year for which the amounts are approved by the Department of Health.

Community Health - St. John's Region

Notes to the Financial Statements

March 31, 1998

2. Significant accounting policies (cont'd)

(c) Capital Assets and Depreciation

Purchases of minor equipment are charged to cost of services in the year they are purchased. Major equipment purchases are recorded at their full cost under capital assets.

Capital assets from subsumed organizations or transferred from Department of Health have been recorded at current estimated market value.

Rates of depreciation applied on a declining balance basis to write-off the cost of capital assets over their estimated lives are as follows:

Buildings	5%
Furniture and equipment	20%
Medical equipment	20%
Computer equipment	30%

(d) Severance Pay

A liability for severance pay is recorded in the accounts for all employees who have a vested right to receive such payments. No provision for the ultimate severance pay liability is made in the accounts for any employee who has less than nine years of continuous service.

(e) Government Capital Assistance

Government grants relating to the acquisition of capital assets are recorded as deferred credits and amortized on the same basis as the related asset is depreciated. During the year a grant of \$35,000 (1997 - \$35,000) was received from the Department of Health.

(f) Medical Supplies

Medical supplies are charged to cost of services when purchased.

3. Capital assets

	Cost	Accumulated Depreciation	1998 Net Book Value	1997 Net Book Value
Land	\$ 20,000		\$ 20,000	
Buildings	883,969	\$ 92,596	791,373	\$ 657,327
Furniture and equipment	530,063	234,991	295,072	353,076
Medical equipment	175,129	103,006	72,123	90,154
Computer equipment	275,694	131,946	143,748	123,439
	<u>\$ 1,884,855</u>	<u>\$ 562,539</u>	<u>\$ 1,322,316</u>	<u>\$ 1,223,996</u>

Doane Raymond 

Community Health - St. John's Region Notes to the Financial Statements

March 31, 1998

4. Advance for breast screening project

The breast screening project is a project of the Department of Health and does not fall within the responsibility or accountability of Community Health - St. John's Region. The funding for this project is channelled through Community Health - St. John's Region who pay the project expenses on behalf of the Department of Health, and any unexpended funds are repayable to the Department of Health.

5. Long term debt	<u>1998</u>	<u>1997</u>
9.08% Toronto Dominion Bank term loan amortized to November 1, 2003, repayable in equal monthly instalments of principal and interest of \$2,954.	\$ 156,540	\$ 176,766
6.41% Toronto Dominion Bank term loan amortized to June 15, 2012, repayable in equal monthly instalments of principal and interest of \$5,591.	621,841	650,000
6.75% Toronto Dominion Bank term loan amortized to May 15, 2012, repayable in equal monthly instalments of principal and interest of \$230.	25,379	
7.79% Canada Mortgage and Housing Corporation mortgage amortized to July 1, 2020, repayable in equal monthly instalments of principal and interest of \$1,430.	<u>183,124</u>	
	986,884	826,766
Less: current portion	<u>54,993</u>	<u>48,386</u>
	<u>\$ 931,891</u>	<u>\$ 778,380</u>

Principal repayments in each of the next five years are due as follows: 1999 - \$54,993; 2000 - \$59,181; 2001 - \$64,012; 2002 - \$69,875; and 2003 - \$74,324.

Revenue other - includes a mortgage subsidy from Canada Mortgage and Housing Corporation (CMHC) in the amount of \$9,431 related to the above CMHC mortgage.

Community Health - St. John's Region Notes to the Financial Statements

March 31, 1998

6. Deferred government capital assistance

Deferred contributions related to capital assets represent contributed capital assets and restricted contributions for the acquisition of capital assets. The changes in the deferred contributions balance for the year are as follows:

	<u>1998</u>	<u>1997</u>
Beginning balance	\$ 137,061	\$ 142,365
Add: Capital contributions from Provincial Plan	35,000	35,000
Contributed capital assets - Department of Health	21,027	
Less: Amounts amortized to revenue	<u>(39,786)</u>	<u>(40,304)</u>
Ending balance	<u>\$ 153,202</u>	<u>\$ 137,061</u>

7. Investment in capital assets

	<u>1998</u>	<u>1997</u>
Capital assets	\$ 1,322,316	\$ 1,223,996
Amounts financed by:		
Long term debt	(986,884)	(826,766)
Deferred government capital assistance	<u>(153,302)</u>	<u>(137,061)</u>
	<u>\$ 182,130</u>	<u>\$ 260,169</u>

8. Change in non-cash operating working capital

	<u>1998</u>	<u>1997</u>
Accounts receivable	\$ 2,290,294	\$ (1,849,122)
Prepaid expenses	(143,717)	(16,367)
Accounts payable and accruals	(580,636)	790,943
Advance for breast screening project	(594,201)	51,417
Vacation pay	63,184	125,402
Deferred revenue	<u>(800,287)</u>	<u>780,624</u>
	<u>\$ 234,637</u>	<u>\$ (117,103)</u>

9. Commitments

The organization is committed to minimum annual rentals under lease agreements for office space and equipment as follows:

1999	\$ 864,754
1990	782,906
2001	755,459
2002	711,517
2003	711,018

Doane Raymond 

Community Health - St. John's Region

Notes to the Financial Statements

March 31, 1998

10. Other projects

During the year the organization conducted certain special projects on a cost recovery basis. Recoveries of related expenses of \$35,811 (1997 - \$58,883) have been deducted from other project expenses for the year.

11. Subsequent event

Effective April 1, 1998 Childrens Protection Services, Family and Rehabilitative Services and Community Corrections Services of the Provincial Department of Human Resources and Employment and services provided by Community Health - St. John's Region were integrated. The new entity will operate under the name Health and Community Services - St. John's Region.

12. Comparative figures

Certain of the 1997 comparative figures have been reclassified to conform with the presentation adopted for the current year.

Le Conseil Scolaire Francophone Provincial
(Name of School District)

FINANCIAL STATEMENTS/AUDITOR'S REPORT

June 30, 1999

Le Conseil scolaire francophone provincial

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Auditors' Report

To The Members of Le Conseil Scolaire Francophone Provincial

We have audited the balance sheet of the current and capital funds of the Conseil Scolaire Francophone Provincial as at June 30, 1999, and the related statements of current revenues, expenditures and District equity, and statement of changes in capital fund position for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District as at June 30, 1999 and the results of its operations and changes in its capital financial position for the year then ended in accordance with generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Districts in the Province of Newfoundland and Labrador by the Department of Education.

NKHK Chartered Accountants

NKHK Chartered Accountants

St. John's, NF
City

October 6, 1999
Date

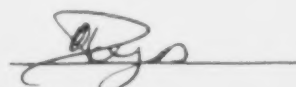
Conseil scolaire francophone provincial
BALANCE SHEET
June 30, 1999

	<u>1999</u>	<u>1998</u>
<u>Assets</u>		
Current Assets		
Cash (Supp. Info. 1)	\$ 50 145	\$ 52 177
Short Term Investments (Supp. Info. 2)	-	75 000
Accounts Receivable (Note 2)	170 426	36 629
HST Receivable	14 102	9 472
Prepaid Expenses (Supp. Info. 3)	<u>7 473</u>	<u>-</u>
Total Current Assets	242 146	173 278
 Property and Equipment (Sch. 8)	 <u>224 826</u>	 <u>94 069</u>
	<u>\$ 466 972</u>	<u>\$ 267 347</u>
 <u>Liabilities and Board Equity</u>		
Current Liabilities		
Due to the Government of Newfoundland & Labrador	\$ 101 101	\$ -
Accounts Payable and Accrued (Note 3)	55 871	53 306
Current Maturities	<u>-</u>	<u>-</u>
Total Current Liabilities	<u>156 972</u>	<u>53 306</u>
 Long-Term Debt	 <u>-</u>	 <u>-</u>
Teachers Severance Pay Benefits (Note 5)	149 875	-
Other Employee Benefits - Vacation pay	17 101	-
	<u>166 976</u>	<u>-</u>
 Board Equity		
Investment In Capital Assets (Note 4)	224 826	94 069
Board Equity (Deficit)	<u>(81 802)</u>	<u>119 971</u>
Total Board Equity	<u>143 024</u>	<u>214 041</u>
	<u>\$ 466 972</u>	<u>\$ 267 347</u>

See Accompanying Notes

Approved:

 Chairperson

 Treasurer

Conseil scolaire francophone provincial

Statement of Current Revenues, Expenditures and Board Equity (Deficiency)

Year Ended June 30, 1999

	<u>1999</u>	<u>1998</u>
Current Revenue (Schedule 1)		
Federal Government Grants	1 297 459	810 685
Provincial Government Grants	\$ 1 913 730	\$ -
Donations	-	-
Ancillary Services	25 000	-
Miscellaneous	78 637	571
	<u>3 314 826</u>	<u>811 256</u>
Current Expenditures		
One-time implementation costs - federal grant	116 611	188 526
Pupil Services - federal grant	351 116	106 607
Administration - federal grant (Schedule 2)	487 254	275 566
Programs - federal grant	298 766	26 517
Instruction (Schedule 3)	1 544 000	-
Operations and Maintenance (Schedule 4)	223 962	-
Pupil Transportation (Schedule 5)	147 783	-
Ancillary Services (Schedule 6)	-	-
Interest Expense	-	-
Miscellaneous Expense (Schedule 7)	66 475	-
	<u>3 235 967</u>	<u>597 216</u>
23 111 Excess of Revenue over Expenditure before undemoted item	78 859	214 040
Transfer to Capital Fund	<u>130 757</u>	<u>94 069</u>
Excess of Expenditure over Revenue for the Period	(51 898)	119 971
Teacher severance pay accrual (Note 5)	<u>(149 875)</u>	<u>-</u>
Adjusted excess of Expenditure over Revenue	(201 773)	119 971
District Equity, Beginning of Year	119 971	-
Fund Balance (Deficiency), End of the Period	<u>\$ (81 802)</u>	<u>\$ 119 971</u>

Conseil scolaire francophone provincial

Statement of Changes in Financial Position Year Ended June 30, 1999

	<u>1999</u>	<u>1998</u>
60 Operating Activities		
011 Excess of Revenue over Expenditures (Expenditures over Revenue)	(201 773)	119 971
012 Changes in Non-Cash Working Capital		
013 - Short Term Investments	75 000	(75 000)
014 - Accounts Receivable	(138 427)	(46 101)
015 - Prepaid Expenses	(7 473)	-
- Deferred Charges	-	-
014 - Accounts Payable & Accrued Expenses	103 666	53 306
015 - Amortization of deferred expenses	-	-
016 Other - Severance pay accrual	149 875	-
Other - Other employee benefits	17 101	-
	<u>(2 031)</u>	<u>52 177</u>
61 Financing Activities		
011 Proceeds from Bank Loans	-	-
012 Grants - Capital	130 757	94 069
013 Other Capital Revenue	-	-
014 Changes in Long-Term Debt	-	-
015 Other	-	-
	<u>130 757</u>	<u>94 069</u>
62 Investing Activities		
011 Proceeds in Sale of Capital Assets	-	-
012 Additions to Property and Equipment	(130 757)	(94 069)
013 Other	-	-
	<u>(130 757)</u>	<u>(94 069)</u>
63 Increase (decrease) in Cash	(2 031)	52 177
64 Cash, Beginning of the Period	52 177	-
65 Cash, End of the Period	\$ 50 145	\$ 52 177

See Accompanying Notes

Conseil scolaire francophone provincial

Statement of Changes in Capital Fund

Year Ended June 30, 1999

	<u>1999</u>	<u>1998</u>
70 Capital Receipts		
71 Proceeds from Bank Loans		
011 - School Construction	\$ -	\$ -
012 - Equipment	-	-
013 - Service Vehicles	-	-
014 - Pupil Transportation	-	-
015 - Other	-	-
72 Federal Grants		
011 School Construction and Equipment	(130 757	94 069
012 Other	-	-
	130 757	94 069
73 Donations		
011 - Cash Receipts	-	-
012 - Non-Cash Receipts	-	-
013 - Restricted Use	-	-
74 Sale of Capital Assets - Proceeds		
011 - Land & 012 Buildings	-	-
013 - Equipment	-	-
014 - Service Vehicles	-	-
015 - Pupil Transportation Vehicles	-	-
016 - Other	-	-
75 Other Capital Revenues		
011 - Interest on Capital Fund Investments	-	-
012 - Premiums on Debentures	-	-
013 - Recoveries of Expenditures	-	-
015 - Insurance Proceeds	-	-
016 - Native Peoples Grants	-	-
017 - Miscellaneous	-	-
- Department of Education Capital Grants	-	-
- Department of Education Info Technology Grants	-	-
- Cost sharing for Info Technology Grants	-	-
Total Capital Receipts		
77 Transfer from Reserve Account	-	-
78 Transfer to/from Current Fund	-	-
Total	<u>\$ 130 757</u>	<u>\$ 94 069</u>

Conseil scolaire francophone provincial

Statement of Changes in Capital Fund (Cont'd)

Year Ended June 30, 1999

		<u>1999</u>	<u>1998</u>
80	<u>Capital Disbursements</u>		
81	Additions to Property & Equipment		
011	- Land and Sites	\$ -	\$ -
012	- Buildings	-	-
013	- Furniture & Equipment - School	✓ 122 000	11 199
014	- Furniture & Equipment - Other	✓ 8 757	82 870
015	- Service Vehicles	-	-
016	- Pupil Transportation	-	-
017	- Other	-	-
		<u>130 757</u>	<u>94 069</u>
82	Principal Repayment of Long Term Debt		
011	- School Construction	-	-
012	- Equipment	-	-
013	- Service Vehicles	-	-
014	- Other	-	-
		<u>-</u>	<u>-</u>
83	Miscellaneous Disbursements		
013	- Other	-	-
		<u>-</u>	<u>-</u>
	Total Capital Disbursements	<u>\$ 130 757</u>	<u>\$ 94 069</u>

See Accompanying Notes

Conseil scolaire francophone provincial

Notes to the Financial Statements Year Ended June 30, 1999

1. Significant Accounting Policies:

The accompanying financial statement have been prepared on a fund accounting basis which is generally accepted for School Districts. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Districts to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the District, relating to their use of fund accounting, is as follows:

1. Grants received by the District are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the EIC (Education Investment Corporation) are recorded as capital revenues. Also amounts paid to construction companies from the EIC on behalf to the District for capital projects are treated as capital revenues.
2. Fixed asset additions are recorded at full cost in the capital fund.
3. The District does not calculate or record depreciation on any of its fixed assets.

Conseil scolaire francophone provincial

Notes to the Financial Statements Year Ended June 30, 1999

		<u>1999</u>	<u>1998</u>
2.	<u>Accounts Receivable</u>		
	<u>Current</u>		
11	131 Provincial Government (Monitor Program)	\$ 28 850	\$ -
	132 Transportation		
	133 Federal Government	140 279	22 227
	136 Other School Districts		
	137 Rent		
	138 Interest		
	139 Travel Advances and Misc.	1 297	14 402
	<u>Capital</u>		
11	231 EIC - Construction Grants		
	233 Local Contributions		
	234 Other School Districts		
	235 Other		
		<u>170 426</u>	<u>36 629</u>

Conseil scolaire francophone provincial

Notes to the Financial Statements Year Ended June 30, 1999

		<u>1999</u>	<u>1998</u>
3.	<u>Accounts Payable and Accrued</u>		
	<u>Current</u>		
21	111 Trade Payable	\$ 49 071	\$ 14 586
	112 Accrued - Liabilities	5 000	2 500
	113 - Interest		
	114 - Wages	1 800	
	115 Payroll Deductions		
	116 Retail Sales Tax		
	117 Deferred Grants		
	118 Other - Federal Government		33 220
	<u>Capital</u>		
21	211 Trade Payable		
	212 Accrued - Liabilities		
	213 - Interest		
	217 Deferred Grants		
	218 Other		
		<u>55 871</u>	<u>53 306</u>

Conseil scolaire francophone provincial

Notes to the Financial Statements Year Ended June 30, 1999

	<u>1999</u>	<u>1998</u>
4. Investment in Capital Assets, beginning of year	\$ 94 069	\$ -
Add:		
Transfer of Operating Funds to Capital Fund Grants	✓ 130 757	94 069
- EIC - Contribution for Capital Construction		
- Other		
Capital Projects funded by EIC but paid directly to other sources on behalf of the District		
Donations		
Proceeds from the sale of Capital Assets		
- Land		
- Buildings		
- Equipment		
- Vehicles		
- Other		
Interest on Capital Fund Investments		
Recoveries of Expenditures		
Insurance Proceeds - Capital		
Native Peoples Grants - Capital		
Miscellaneous		
	<u>130 757</u>	<u>94 069</u>
Deduct Adjustments		
Cost of assets sold		
- Land		
- Buildings		
- Equipment		
- Vehicles		
- Other		
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Other	<u>-</u>	<u>-</u>
23 221 Investment in Capital Assets, end of year	<u>\$ 224 826</u>	<u>\$ 94 069</u>

Conseil scolaire francophone provincial

Notes to the Financial Statements
Year Ended June 30, 1999

5. Teachers' Accrued Severance Leave

The accrued severance leave for the District's teaching staff is required to be presented in the financial statements of the Board under Generally Accepted Accounting Principles (GAAP). However, the Government of Newfoundland and Labrador has decided not to fund this liability. Therefore, the District is forced to present a deficit. This policy has been applied to all school districts in Newfoundland and Labrador.

Conseil scolaire francophone provincial

Current Revenues
Year Ended June 30, 1999

<u>Current Revenues</u>	<u>1999</u>	<u>1998</u>
Federal Government Grants		
Regular Operating Grants	\$ 1 297 459	\$ 810 685
32 010 Provincial Government Grants		
011 Regular Operating Grants	✓ \$ 369 400	\$ -
016 Special Grants		
- French Immersion	-	-
- Official Language Monitor	45 650	-
- French Language recuperation	-	-
- Textbook credit allocation	-	-
- Communication Tech	-	-
- Other	50 187	-
Salaries and Benefits		
017 - Superintendent and Asst. Supts.	-	-
021 - Regular Teachers	1 306 705	-
022 - Substitute Teachers	31 733	-
- Student Assistants	-	-
030 - Pupil Transportation	-	-
031 - Board Owned	-	-
032 - Contracted	155 790	-
033 - Handicapped	-	-
	1 959 465	-
33 010 Donations		
012 Cash Receipts	-	-
013 Non Cash Receipts	-	-
014 Restricted Use	-	-
	-	-
34 010 Ancillary Services		
011 Revenues from Rental of Residences	-	-
021 Revenues from Rental of Schools and Facilities (Net)	-	-
031 Cafeterias	-	-
032 Other	25 000	-
	25 000	-
	3 281 924	810 685

Schedule 1 (Cont'd)

Conseil scolaire francophone provincial

Current Revenues
Year Ended June 30, 1999

	<u>1999</u>	<u>1998</u>
35 010 Miscellaneous		
011 Interest on Investments	\$ 13 416	\$ 571
012 Bus Charters	-	-
021 Recoveries of Expenditures (Workers' Compensation)	-	-
031 Revenues from Other School Boards	-	-
051 Insurance Proceeds	-	-
061 Bilingual Education Revenue	-	-
071 Operating Rev. from Native Peoples Grant	-	-
081 Miscellaneous Federal Grants	-	-
091 Textbooks	-	-
092 Other		
- Mining Company Grants	19 486	-
- User pay bussing	-	-
- Sundry	-	-
	<u>32 902</u>	<u>571</u>
Total Current Revenues	<u>\$ 3 314 826</u>	<u>\$ 811 256</u>

Conseil scolaire francophone provincial
Administration Expenditures
 Year ended June 30, 1999

	<u>1999</u>	<u>1998</u>
Salaries and Benefits	\$ -	\$ -
011 - Superintendents and Assistant Superintendents	143 841	29 470
012 - Board Office Personnel	212 052	57 307
013 Office Supplies	8 594	14 248
014 Replacement Furniture and Equipment	-	11 077
015 Postage	3 603	3 656
016 Telephone - Communication	14 786	15 115
017 Office Equipment Rentals and Repairs	2 136	335
018 Bank Charges	1 135	887
019 Electricity	-	-
021 Fuel	-	-
022 Insurance	-	-
023 Repairs and Maintenance (Office Building)	812	1 906
024 Travel	7 850	48 302
025 Board Meeting Expenses	43 975	50 813
026 Election Expenses	-	-
027 Professional Fees	3 856	10 385
028 Advertising	1 885	-
029 Membership Dues	3 372	4 916
031 Municipal Service Fees	-	-
032 Rental of Office Space	20 545	16 230
033 Relocation Expenses	-	7 473
034 Miscellaneous	1 502	-
Forums	15 448	3 446
035 Payroll Tax (included with salary costs)	1 862	-
	<u>\$ 487 254</u>	<u>\$ 275 566</u>

Schedule 3

Conseil scolaire francophone provincial

Instruction Expenditures
Year Ended June 30, 1999

		<u>1999</u>	<u>1998</u>
52	10 Instructional Salaries (Gross)		
	11 Teachers' Salaries - Regular	\$ 1 106 316	\$ -
	12 - Substitute	31 733	-
	13 - Board Paid	-	-
	14 Augmentation	-	-
	15 Employee Benefits	177 627	-
	16 School Secretaries - Salaries & Benefits	41 164	-
	17 Payroll Tax	22 761	-
	18 Other - Salaries & Benefits - program asst	-	-
	Other - Salaries & Benefits - student asst	-	-
	Other - Salaries & Benefits - Labrador	29 682	-
		<u>1 409 283</u>	<u>-</u>
52	40 Instructional Materials		
	41 General Supplies	10 400	-
	42 Library Resource Materials	-	-
	43 Teaching Aids	7 453	-
	44 Textbooks	16 818	-
		<u>34 670</u>	<u>-</u>
52	60 Instructional Furniture and Equipment		
	61 Replacement	-	-
	62 Rentals and Repairs	9 593	-
		<u>9 593</u>	<u>-</u>
50	80 Instructional Staff Travel		
	81 Program Co-ordinators	7 643	-
	82 Teachers' Travel	13 041	-
	83 Inservice and Conferences	20 000	-
		<u>40 684</u>	<u>-</u>
52	90 Other Instructional Costs		
	91 French Monitor Program	49 770	-
	92 Miscellaneous	-	-
	- Costs relating to Government Grants	-	-
	- Other	-	-
		<u>49 770</u>	<u>-</u>
	Total Instruction Expenditures	\$ 1 544 000	\$ -

Schedule 4

Conseil scolaire francophone provincial

Operations and Maintenance Expenditures - Schools
Year Ended June 30, 1999

		<u>1999</u>	<u>1998</u>
53	011 Salaries - Janitorial	\$ 84 470	\$ -
	012 - Maintenance	-	-
	013 Payroll Tax	-	-
	014 Electricity	73 110	-
	015 Fuel	3 702	-
	016 Municipal Service Fee	5 880	-
	017 Telephone	13 825	-
	018 Vehicle Operating and Travel	-	-
	019 Janitorial Supplies	13 375	-
	021 Janitorial Equipment	-	-
	022 Repairs and Maintenance - Buildings	13 982	-
	023 - Equipment	-	-
	024 Contracted Services - Janitorial	1 809	-
	025 Snow Clearing	10 905	-
	026 Rentals	-	-
	027 Other (Miscellaneous)	<u>2 905</u>	<u>0</u>
	Total Operations and Maintenance	<u>\$ 223 962</u>	<u>\$0</u>

Schedule 5

Conseil scolaire francophone provincial

Pupil Transportation Expenditure
Year Ended June 30, 1999

		<u>1999</u>	<u>1998</u>
54	010 Operation and Maintenance of Board		
	Owned Fleet	\$ -	\$ -
	011 Salaries and Benefits- Administration		
	012 - Drivers and Mechanics	-	-
	013 Payroll Tax	-	-
	014 Debt Repayment- Interest	-	-
	015 - Principal	-	-
	016 Bank Charges	-	-
	017 Gas and Oil	-	-
	018 Licenses	-	-
	019 Insurance	-	-
	021 Repairs and Maintenance - Fleet	-	-
	022 - Building	-	-
	023 Tires and Tubes	-	-
	024 Heat and Light	-	-
	025 Municipal Service	-	-
	026 Snow Clearing	-	-
	027 Office Supplies	-	-
	028 Rent	-	-
	029 Travel	-	-
	031 Professional Fees	-	-
	032 Miscellaneous	-	-
	033 Telephone	-	-
	034 Vehicle Leases	-	-
		-	-
54	040 Contracted Services		
	041 Regular Transportation	147 783	-
	042 Handicapped	-	-
		147 783	-
	Pupil Transportation Expenditures	<u>\$ 147 783</u>	<u>\$ -</u>

Conseil scolaire francophone provincial

Ancillary Services and Miscellaneous Expenses Year Ended June 30, 1999

Schedule 6

Ancillary Services

The Board owns and operates the following ancillary services:

	<u>1999</u>	<u>1998</u>
55 Ancillary Services		
011 Operation of Teachers' Residences	\$ -	\$ -
031 Cafeterias	-	-
032 Other - Environmental Centre	-	-
	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>

Schedule 7

Miscellaneous Expenses

The Board has incurred the following miscellaneous expenses:

Payment of designated portion of a dam project for the community of Mainland on the Port au Port peninsula. Monies transfered from District 4 upon creation of the Conseil scolaire.

50 000

NLSBA fees

7 249

Miscellaneous repairs

3 678

Board Office related fire expenses

4 168

Other

1 380

57 011 Miscellaneous Expenses

\$ 66 475 \$ -

Schedule 8

Conseil scolaire francophone provincial

Details of Property and Equipment
Year Ended June 30, 1999

	Balance July 1, 1998	Additions	Disposals	Balance June 30, 1999
12 210 Land and Sites				
211 Land and Sites	\$ -	\$ -	\$ -	\$ -
12 220 Buildings				
221 Schools	-	-	-	-
222 Administration	-	-	-	-
223 Residential	-	-	-	-
224 Recreational	-	-	-	-
225 Oth	-	-	-	-
	-	-	-	-
12 230 Furniture and Equip.				
231 Schools	11 199	✓ 122 000	-	133 199
232 Administration	82 870	✓ 8 757	-	91 628
233 Residential	-	-	-	-
234 Recreation	-	-	-	-
235 Oth	-	-	-	-
	94 069	130 757	-	224 826
12 240 Vehicles				
241 Service Vehicles	-	-	-	-
12 250 Pupil Transportation				
251 Land	-	-	-	-
252 Building	-	-	-	-
253 Vehicles - Buses	-	-	-	-
254 - Service	-	-	-	-
255 Equipment	-	-	-	-
256 Oth	-	-	-	-
	-	-	-	-
12 260 Misc. Capital Assets				
261 Oth	-	-	-	-
Total Property and Equipment	\$ 94 069	\$ 130 757	\$ -	\$ 224 826

Conseil scolaire francophone provincial

Supplementary Information
Year Ended June 30, 1999

		<u>1999</u>	<u>1998</u>
1.	<u>Cash</u>		
	<u>Current</u>		
11	110 Cash on Hand and in Bank	\$ -	\$ -
	111 Cash on Hand	-	-
	112 Bank - Current	49 945	51 977
	113 - Savings	-	-
	114 - Teachers' Payroll	-	-
	115 - Non Teachers' Payroll	-	-
	116 - Coupon (Debenture)	-	-
	117 - Other (Petty Cash)	200	200
		<u>50 145</u>	<u>52 177</u>
	<u>Capital</u>		
11	210 Cash on Hand and in Bank	-	-
	211 Cash on Hand	-	-
	212 Bank - Current	-	-
	213 - Savings	-	-
	214 - Other	-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
	Total Cash on Hand and in Bank	<u>50 145</u>	<u>52 177</u>
2.	<u>Short Term Investments</u>		
	<u>Current</u>		
11	121 Term Deposits	-	75 000
	122 Canada Savings Bonds	-	-
	123 Other		
	- Canada Treasury Bills	-	-
	- Mutual Funds	-	-
	- Balance in Broker account	-	-
	- Guaranteed Investment Certificate	-	-
	<u>Capital</u>		
11	221 Term Deposits	-	-
	222 Canada Savings Bonds	-	-
	223 Other	-	-
		<u>-</u>	<u>-</u>
	Total Short Term Investments	<u>\$ -</u>	<u>\$ 75 000</u>

Conseil scolaire francophone provincial

Supplementary Information
Year Ended June 30, 1999

		<u>1999</u>	<u>1998</u>
3.	<u>Prepaid Expenses</u>		
	<u>Current</u>		
11	141 Insurance		
	142 Municipal Service Fees	\$ -	\$ -
	143 Supplies	-	-
	144 Other		-
	- Equipment Lease	-	-
	- Workers' Compensation Commission	3 528	-
	- Garbage collection	-	-
	- Vehicle insurance	-	-
	- Airplane Tickets	2 384	-
	- Other	1 561	-
	<u>Capital</u>	-	-
11	241 Other		
		<u>\$ 7 473</u>	<u>\$ -</u>

SCHOOL DISTRICT # 3
CORNER BROOK - DEER LAKE - ST. BARBE

FINANCIAL STATEMENTS/AUDITOR'S REPORT

June 30, 1999

School District #3 Corner Brook - Deer Lake - St. Barbe

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Auditors' Report

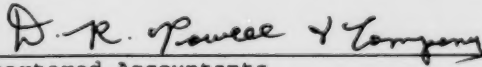
To The Members of School District #3 Corner Brook - Deer Lake - St. Barbe

We have audited the balance sheet of the current and capital funds of School District #3 Corner Brook - Deer Lake - St. Barbe as at June 30, 1999, and the related statements of current revenues, expenditures and District equity, and statement of changes in capital fund position for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

As required by Section 66 (2) of The Schools Act, we report that the employees whose duties include collecting, receiving or depositing of money are bonded in amounts considered to be sufficient.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District as at June 30, 1999 and the results of its operations and changes in its capital financial position for the year then ended, in accordance with generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Districts in the Province of Newfoundland and Labrador by the Department of Education.


Chartered Accountants

Stephenville, Newfoundland
City

September 28, 1999
Date

School District #3 Corner Brook - Deer Lake - St. Barbe

BALANCE SHEET

June 30, 1999

Assets

	<u>1999</u>	<u>1998</u>
Current Assets		
Cash (Supp. Info. 1)	\$ --	\$ 1,235
Short Term Investments (Supp. Info. 2)	66,721	52,551
Accounts Receivable (Note 2)	1,150,037	613,449
Prepaid Expenses (Supp. Info. 3)	<u>2,407</u>	<u>--</u>
Total Current Assets	<u>1,219,165</u>	<u>667,235</u>
Property and Equipment (Sch. 8)	<u>55,166,817</u>	<u>51,625,391</u>
	<u>\$ 56,385,982</u>	<u>\$ 52,292,626</u>

Liabilities and District Equity

Current Liabilities		
Bank Indebtedness (Note 3)	\$ 1,180,587	\$ 630,743
Accounts Payable and Accrued (Note 4)	344,271	143,369
Current Maturities (Schedule 9A)	<u>85,820</u>	<u>74,654</u>
Total Current Liabilities	<u>1,610,678</u>	<u>848,766</u>
Severance pay accrual	<u>9,028,151</u>	<u>8,874,322</u>
Long-Term Debt (Schedule 9)	<u>552,743</u>	<u>507,915</u>
District Equity		
Investment in Capital Assets (Note 6)	54,528,254	51,200,877
District Equity	<u>(9,333,844)</u>	<u>(9,139,254)</u>
Total District Equity	<u>45,194,410</u>	<u>42,061,623</u>
	<u>\$ 56,385,982</u>	<u>\$ 52,292,626</u>

See Accompanying Notes

Approved: _____

Chairman

Secretary

School District #3 Corner Brook - Deer Lake - St. Barbe
STATEMENT OF CURRENT REVENUES, EXPENDITURES AND DISTRICT EQUITY
Year Ended June 30, 1999

	<u>1999</u>	<u>1998</u>
Current Revenue (Schedule 1)		
Provincial Government Grants	\$ 40,580,405	\$ 39,295,705
Donations	--	--
Ancillary Services	80,553	49,175
Miscellaneous	<u>687,827</u>	<u>1,055,334</u>
	<u>41,348,785</u>	<u>40,400,214</u>
 Current Expenditures		
Administration (Schedule 2)	1,171,702	1,138,762
Instruction (Schedule 3)	32,714,402	42,458,526
Operations and Maintenance (Schedule 4)	5,125,273	4,354,569
Pupil Transportation (Schedule 5)	2,424,044	722,236
Ancillary Services (Schedule 6)	--	--
Interest Expense (Schedule 9C)	76,026	48,102
Miscellaneous (Schedule 7)	<u>--</u>	<u>--</u>
	<u>41,511,447</u>	<u>48,722,195</u>
 23 111 Excess of Revenue over Expenditures	(162,662)	(8,321,981)
Transfer to/from Capital	<u>75,745</u>	<u>(80,345)</u>
Net Increase/Decrease in District Equity	(86,917)	(8,402,326)
District Equity, Beginning of Year	<u>(9,139,254)</u>	<u>(736,928)</u>
	(9,226,171)	(9,139,254)
Transfer from School Bus Transportation Services	<u>(107,673)</u>	<u>--</u>
District Equity, End of Year	<u>\$ (9,333,844)</u>	<u>\$ (9,139,254)</u>

See Accompanying Notes

School District #3 Corner Brook - Deer Lake - St. Barbe

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended June 30, 1999

		<u>1999</u>	<u>1998</u>
60	<u>Operating Activities</u>		
011	Excess of Revenue over Expenditures	\$ (162,662)	\$ (8,321,981)
012	Changes in Non-Cash Working Capital		
013	- Short-Term Investments	(14,170)	7,091
014	- Accounts Receivable	(536,588)	(110,254)
015	- Prepaid Expenses	(2,407)	--
014	- Accounts Payable & Accrued Expenses	200,902	(539,072)
015	- Current Maturities	--	--
016	Other (Specify)		
	- Transfer to capital	75,745	(80,345)
	- Increase in severance pay accrual	<u>153,829</u>	<u>8,358,070</u>
		<u>(285,351)</u>	<u>(686,491)</u>
61	<u>Financing Activities</u>		
011	Proceeds from Bank Loans	137,716	--
012	Grants - Deficit Retirement	--	--
013	Other Capital Revenues	--	71,683
014	Changes in Long-Term Debt	(81,722)	(73,911)
015	Other (Specify) - Transfer from School Bus Transportation Services	<u>3,219,704</u>	<u>--</u>
		<u>3,275,698</u>	<u>(2,228)</u>
62	<u>Investing Activities</u>		
011	Proceeds on Sale of Capital Assets	--	10,230
012	Additions to Property and Equipment	(3,541,426)	--
013	Other (Specify)	<u>--</u>	<u>--</u>
		<u>(3,541,426)</u>	<u>10,230</u>
63	Increase (Decrease) in Cash	<u>(551,079)</u>	<u>(678,489)</u>
64	Cash, Beginning of The Year	<u>(629,508)</u>	<u>48,981</u>
65	Cash, End of The Year	<u>\$ (1,180,587)</u>	<u>\$ (629,508)</u>

See Accompanying Notes

School District #3 Corner Brook - Deer Lake - St. Barbe

STATEMENT OF CHANGES IN CAPITAL FUND

Year Ended June 30, 1999

		<u>1999</u>	<u>1998</u>
70	Capital Receipts		
71	Proceeds from Bank Loans		
011	- School Construction	\$ --	\$ --
012	- Equipment	--	--
013	- Service Vehicles	--	--
014	- Pupil Transportation	137,716	--
015	- Other (Specify)	<u>--</u>	<u>--</u>
		<u>137,716</u>	<u>--</u>
72	EIC Grants		
011	School Construction and Equipment	--	--
012	Other - Debt Retirement	<u>--</u>	<u>55,019</u>
		<u>--</u>	<u>55,019</u>
73	Donations		
011	- Cash Receipts	--	--
012	- Non-Cash Receipts	--	--
013	- Restricted Use	<u>--</u>	<u>--</u>
		<u>--</u>	<u>--</u>
74	Sale of Capital Assets - Proceeds		
011	- Land	--	--
012	- Buildings	--	10,230
013	- Equipment	--	--
014	- Service Vehicles	--	--
015	- Pupil Transportation Vehicles	--	--
016	- Other (Specify)	--	--
	- Accounts Receivable - Capital	<u>158,055</u>	<u>--</u>
		<u>158,055</u>	<u>10,230</u>
75	Other Capital Revenues		
011	- Interest on Capital Fund Investments	--	--
012	- Premiums on Debentures	--	--
013	- Recoveries of Expenditures	--	--
015	- Insurance Proceeds	--	--
016	- Native Peoples Grants	--	--
017	- Miscellaneous - School Bus Transportation Services	<u>3,412,466</u>	<u>--</u>
		<u>3,412,466</u>	<u>--</u>
Total Capital Receipts		<u>3,708,237</u>	<u>65,249</u>
77	Transfer from Reserve Account	<u>--</u>	<u>--</u>
78	Transfer to/from Current Fund	<u>(75,745)</u>	<u>80,345</u>
Total		<u>\$ 3,632,492</u>	<u>\$ 145,594</u>

See Accompanying Notes

School District #3 Corner Brook - Deer Lake - St. Barbe

STATEMENT OF CHANGES IN CAPITAL FUND (Cont'd)

Year Ended June 30, 1999

		<u>1999</u>	<u>1998</u>
80	<u>Capital Disbursements</u>		
81	<u>Additions to Property & Equipment</u>		
011	- Land and Sites	\$ 129,718	\$ --
012	- Buildings	220,681	--
013	- Furniture & Equipment - School	--	--
014	- Furniture & Equipment - Other	9,530	--
015	- Service Vehicles	19,995	--
016	- Pupil Transportation	3,178,526	--
017	- Other (Specify)	--	--
		<u>3,558,450</u>	<u>--</u>
82	<u>Principal Repayment of Long-Term Debt</u>		
011	- School Construction	60,000	60,000
012	- Equipment	--	--
013	- Service Vehicles	--	--
014	- Other (Specify)		
	- Office	<u>14,042</u>	<u>13,911</u>
		<u>74,042</u>	<u>73,911</u>
83	<u>Miscellaneous Disbursements</u>		
013	- Other (Specify) - Investment	<u>--</u>	<u>71,683</u>
		<u>--</u>	<u>71,683</u>
	<u>Total Capital Disbursements</u>	<u>\$ 3,632,492</u>	<u>\$ 145,594</u>

See Accompanying Notes

School District #3 Corner Brook - Deer Lake - St. Barbe

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 1999

1. Significant Accounting Policies:

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Districts. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Districts to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the District, relating to their use of fund accounting, is as follows:

(a) Grants received by the District are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the Education Investment Corporation are recorded as capital revenues. Also, amounts paid to construction companies from the Education Investment Corporation on behalf of the District for capital projects are treated as capital revenues.

(b) Capital asset additions are recorded at full cost in the capital fund.

(c) The District does not calculate or record amortization on any of its capital assets.

(d) Principal repayment of Pupil Transportation Loans are recorded as Current Expenditures. All other principal repayment of bank loans are recorded as Capital Expenditures.

(e) The cost of the Board-owned bus transportation service is not reflected in the comparative figures for 1998. The cost of operating the bus transportation service was \$ 1,607,988 in 1998.

School District #3 Corner Brook - Deer Lake - St. Barbe

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 1999

2. Accounts Receivable

		<u>1999</u>	<u>1998</u>
	<u>Current</u>		
11 131	Provincial Government	\$ 870,870	\$ 74,677
132	Transportation	2,540	6,866
133	Federal Government	135,095	257,194
136	Other School Districts	--	--
137	Rent	37,672	36,000
138	Interest	--	--
139	Travel Advances and Miscellaneous	103,860	80,657
	<u>Capital</u>		
11 231	EIC - Construction Grants	--	--
233	Local Contributions	--	--
234	Other School Districts	--	--
235	Other (Specify) - City of Corner Brook	--	158,055
		<u>\$ 1,150,037</u>	<u>\$ 613,449</u>

3. Bank Indebtedness

21 131	On Operating Credit	\$ 1,180,587	\$ 630,743
132	On Capital Account	--	--
		<u>\$ 1,180,587</u>	<u>\$ 630,743</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 1999

4. Accounts Payable and Accrued

		<u>1999</u>	<u>1998</u>
	<u>Current</u>		
21 111	Trade Payable	\$ 210,793	\$ 56,141
112	Accrued - Liabilities	4,500	3,000
113	- Interest	--	--
114	- Wages	--	--
115	Payroll Deductions	30,294	10,827
116	Scholarships	66,721	52,551
117	Deferred Grants	31,963	20,849
118	Other - Severance Pay	9,028,151	8,874,322

Capital

21 211	Trade Payable	--	--
212	Accrued - Liabilities	--	--
213	- Interest	--	--
217	Deferred Grants	--	--
218	Other (Specify)	--	--
		<u>\$ 9,372,422</u>	<u>\$ 9,017,690</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 1999

5. Reserve Account

Description:

	<u>1999</u>	<u>1998</u>
Balance, Beginning of Year	\$ --	\$ --
Less Transfer from Reserve	<u>--</u>	<u>--</u>
	--	--
Add Transfer to Reserve	<u>--</u>	<u>--</u>
Balance, End of Year	<u>\$ --</u>	<u>\$ --</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 1999

	<u>1999</u>	<u>1998</u>
6. Investment in Capital Assets, beginning of year	\$ 51,200,877	\$ 51,363,692
Add:		
Transfer of Operating funds to Capital Fund	--	--
Grants - EIC - Contribution for Capital Const.	--	--
- Other (Specify)	--	--
Capital projects funded by EIC but paid directly to other sources on behalf of District.		
Donations (Specify)	--	--
Proceeds from Sale of Capital Assets		
- Land	--	--
- Buildings	--	--
- Equipment	--	--
- Vehicles	--	--
- Other	--	--
Interest on Capital Fund Investments	--	--
Recoveries of Expenditures	--	--
Insurance Proceeds - Capital	--	--
Native Peoples Grants - Capital	--	--
Excess of Revenue over Expenditures		
- Capital Fund	(68,065)	71,683
Transfer from School Bus Transportation Services	<u>3,412,466</u>	<u>--</u>
	<u>54,545,278</u>	<u>51,435,375</u>
Deduct Adjustments:		
Cost of assets sold		
- Land	--	3,000
- Buildings	--	231,498
- Equipment	--	--
- Vehicles	17,024	--
- Other	<u>--</u>	<u>--</u>
	<u>17,024</u>	<u>234,498</u>
Other	<u>--</u>	<u>--</u>
23 221 Investment in Capital Assets, End of Year	<u>\$ 54,528,254</u>	<u>\$ 51,200,877</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 1999

7. Commitments

At balance sheet date the District had the following commitments:

8. Other (Please Specify)

Schedule 1

School District #3 Corner Brook - Deer Lake - St. Barbe

CURRENT REVENUES

Year Ended June 30, 1999

	<u>1999</u>	<u>1998</u>
32 010 Provincial Government Grants		
011 Regular	\$ 6,771,668	\$ 6,515,240
016 Special Grants (Details on bottom of Schedule 1)	1,833,802	1,550,602
Salaries and Benefits		
017 - Directors and Asst. Directors	250,854	287,954
021 - Regular Teachers	28,515,425	29,307,711
022 - Substitute Teachers	878,516	945,385
030 Pupil Transportation		
031 - Board Owned	1,619,547	--
032 - Contracted	610,537	577,038
033 - Handicapped	<u>100,056</u>	<u>111,775</u>
	<u>40,580,405</u>	<u>39,295,705</u>
33 010 Donations		
012 Cash Receipts	--	--
013 Non-Cash Receipts	--	--
014 Restricted Use	<u>--</u>	<u>--</u>
	<u>--</u>	<u>--</u>

Schedule 1 (Cont'd)

School District #3 Corner Brook - Deer Lake - St. Barbe

CURRENT REVENUES

Year Ended June 30, 1999

	<u>1999</u>	<u>1998</u>
34 010 Ancillary Services		
011 Revenues from Rental of Residences	\$ --	\$ --
021 Revenues from Rental of Schools and Facilities (Net)	80,553	49,175
031 Cafeterias	--	--
032 Other - (Specify)	--	--
	<u>80,553</u>	<u>49,175</u>
35 010 Miscellaneous		
011 Interest on Investments	5,274	15,332
012 Bus Charters	45,363	--
021 Recoveries of Expenditures	75,875	29,143
031 Revenues from Other School Districts	--	--
041 Federal Rebates	221,434	246,810
051 Insurance Proceeds	105,408	49,938
061 Bilingual Education Revenue	14,902	16,323
071 Operating Rev. from Native Peoples Grant	--	--
081 Miscellaneous Federal Grants	116,919	587,129
091 Textbooks	52,593	57,651
092 Sundry	50,059	53,008
	<u>687,827</u>	<u>1,055,334</u>
Total Current Revenues	<u>\$ 41,348,785</u>	<u>\$ 40,400,214</u>

Special Grants

Redundancy	\$ 23,546	\$ 34,131
School Board Election Grant	--	61,523
Debt Servicing	47,135	--
Student Assistant Salaries	548,016	527,078
Textbook Credit Allocation	--	15,121
Court ruling	30,801	27,769
Administration - Textbook	7,510	8,556
Payroll tax	603,869	610,624
Computers	--	223,800
Maintenance	359,334	42,000
French materials	12,394	--
Peer Tutoring	5,000	--
Early Literacy Initiative	1,625	--
Air Quality Control	194,572	--
Other (Specify)	--	--
	<u>\$ 1,833,802</u>	<u>\$ 1,550,602</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

ADMINISTRATION EXPENDITURES

Year Ended June 30, 1999

		<u>1999</u>	<u>1998</u>
51	Salaries and Benefits		
011	- Directors and Asst. Directors	\$ 299,647	\$ 338,305
012	- District Office Personnel	423,076	380,660
013	Office Supplies	30,340	26,119
014	Replacement Furniture and Equipment	7,623	18,038
015	Postage	14,198	15,320
016	Telephone	43,748	48,015
017	Office Equipment Rentals and Repairs	16,071	16,885
018	Bank Charges	--	25
019	Electricity	--	--
021	Fuel	--	--
022	Insurance	1,375	9,726
023	Repairs and Maintenance (Office Building)	3,123	4,524
024	Travel	82,267	74,167
025	Board Meeting Expenses	19,136	21,220
026	Election Expenses	--	34,003
027	Professional Fees	48,053	14,248
028	Advertising	51,593	24,672
029	Membership Dues	36,683	35,765
031	Municipal Service Fees	15,304	13,923
032	Rental of Office Space	--	--
033	Relocation Expenses	--	--
034	Miscellaneous	18,395	14,298
035	Payroll Tax	<u>61,070</u>	<u>49,849</u>
	Total Administration Expenditures	<u>\$ 1,171,702</u>	<u>\$ 1,139,762</u>

Schedule 3

School District #3 Corner Brook - Deer Lake - St. Barbe

INSTRUCTION EXPENDITURES

Year Ended June 30, 1999

	<u>1999</u>	<u>1998</u>
52 010 Instructional Salaries (Gross)		
011 Teachers' Salaries - Regular	\$ 28,515,425	\$ 29,307,711
012 - Substitute	878,516	940,483
013 - District Paid	--	798
014 Student Assistants	548,016	482,744
015 Employee Benefits	--	23,085
016 School Secretaries - Salaries & Benefits	572,557	578,487
017 Employee Benefits	698,631	8,921,810
018 Other - French Monitor	<u>15,770</u>	<u>15,667</u>
	<u>31,228,915</u>	<u>40,270,785</u>
52 040 Instructional Materials		
041 General Supplies	89,782	86,828
042 Library Resource Materials	128,424	121,258
043 Teaching Aids	585,164	831,229
044 Textbooks	<u>60,813</u>	<u>68,598</u>
	<u>864,183</u>	<u>1,107,913</u>
52 060 Instructional Furniture and Equipment		
061 Replacement	44,972	89,175
062 Rentals and Repairs	<u>69,830</u>	<u>70,898</u>
	<u>114,802</u>	<u>160,073</u>
52 080 Instructional Staff Travel		
081 Program Co-ordinators	35,454	25,884
082 Teachers' Travel	46,011	49,704
083 Inservice and Conferences	<u>46,278</u>	<u>149,021</u>
	<u>127,743</u>	<u>224,609</u>
52 090 Other Instructional Costs		
091 Postage and Stationery	4,032	4,615
092 Miscellaneous	<u>374,727</u>	<u>690,531</u>
	<u>378,759</u>	<u>695,146</u>
Total Instruction Expenditures	<u>\$ 32,714,402</u>	<u>\$ 42,458,526</u>

Schedule 4

School District #3 Corner Brook - Deer Lake - St. Barbe

OPERATIONS AND MAINTENANCE EXPENDITURES - SCHOOLS

Year Ended June 30, 1999

	<u>1999</u>	<u>1998</u>
53 011 Salaries & Benefits - Janitorial	\$ 1,281,018	\$ 853,685
012 - Maintenance	483,056	438,407
013 Employee Benefits	305,615	236,989
014 Electricity	1,097,313	1,103,334
015 Fuel	130,186	171,992
016 Municipal Service Fee	51,040	76,492
017 Telephone	192,613	197,038
018 Vehicle Operating and Travel	77,641	48,486
019 Janitorial Supplies	161,894	74,218
021 Janitorial Equipment	26,173	--
022 Repairs and Maintenance - Buildings	1,129,355	616,721
023 - Equipment	8,610	5,137
024 Contracted Services - Janitorial	--	434,353
025 Snow Clearing	86,787	84,250
026 Rentals	--	--
027 Other (Specify) - Repairs Covered By Insurance	<u>93,972</u>	<u>13,467</u>
Total Operations and Maintenance	<u>\$ 5,125,273</u>	<u>\$ 4,354,569</u>

School District #3 Corner Brook - Deer Lake - St. BarbePUPIL TRANSPORTATION EXPENDITURE

Year Ended June 30, 1999

	<u>1999</u>	<u>1998</u>
54 010 Operation and Maintenance of Board		
Owned Fleet		
011 Salaries - Administration	\$ 72,463	\$ --
012 - Drivers and Mechanics	903,360	--
013 Payroll Tax and Benefits	155,642	--
014 Debt Repayment - Interest	5,993	--
015 - Principal	7,680	--
016 Bank Charges	--	--
017 Gas and Oil	164,851	--
018 Licenses	26,272	--
019 Insurance	16,182	--
021 Repairs and Maintenance - Fleet	200,661	--
022 - Building	23,862	--
023 Tires and Tubes	31,954	--
024 Heat and Light	19,443	--
025 Municipal Service	3,988	--
026 Snow Clearing	2,281	--
027 Office Supplies	2,912	--
028 Rent	--	--
029 Travel	1,183	--
031 Professional Fees	918	--
032 Miscellaneous	25,806	350
033 Telephone	8,645	--
034 Vehicle Leases	--	--
035 Service Vehicles	<u>1,630</u>	<u>--</u>
	<u>1,675,726</u>	<u>350</u>
54 040 Contracted Services		
041 Regular Transportation	634,941	675,755
042 Handicapped	<u>113,377</u>	<u>46,131</u>
	<u>748,318</u>	<u>721,886</u>
Pupil Transportation Expenditures	<u>\$ 2,424,044</u>	<u>\$ 722,236</u>

Schedule 6

School District #3 Corner Brook - Deer Lake - St. Barbe

ANCILLARY SERVICES AND MISCELLANEOUS EXPENSES

Year Ended June 31, 1999

Ancillary Services

The District owns and operates the following ancillary services:

		<u>1999</u>	<u>1998</u>
55	Ancillary Services		
011	Operation of Teachers' Residences	\$ --	\$ --
031	Cafeterias	--	--
032	Other (Specify)	--	--
		<u>\$ --</u>	<u>\$ --</u>

Schedule 7

Miscellaneous Expenses (Specify)

The District has incurred the following miscellaneous expenses:

57 011	Miscellaneous Expenses (Specify)	<u>\$ --</u>	<u>\$ --</u>
--------	----------------------------------	--------------	--------------

School District #3 Corner Brook - Deer Lake - St. Barbe

DETAILS OF PROPERTY AND EQUIPMENT

Year Ended June 30, 1999

	Balance June 30, 1998	Additions	Disposals	Balance June 30, 1999
12 210 Land and Sites				
211 Land and Sites	\$ 1,012,572	\$ 129,718	\$ --	\$ 1,142,290
12 220 Buildings				
221 Schools	43,969,774	--	--	43,969,774
222 Administration	1,375,644	220,681	--	1,596,325
223 Residential	--	--	--	--
224 Recreational	--	--	--	--
225 Other (Specify)	--	--	--	--
	<u>45,345,418</u>	<u>220,681</u>	<u>--</u>	<u>45,566,099</u>
12 230 Furniture and Equip.				
231 Schools	4,426,317	--	--	4,426,317
232 Administration	656,421	9,530	--	665,951
233 Residential	--	--	--	--
234 Recreation	--	--	--	--
235 Other (Specify)	--	--	--	--
	<u>5,082,738</u>	<u>9,530</u>	<u>--</u>	<u>5,092,268</u>
12 240 Vehicles				
241 Service Vehicles	95,601	19,995	17,024	98,572
12 250 Pupil Transportation				
251 Land	--	--	--	--
252 Building	--	--	--	--
253 Vehicles - Buses	89,062	3,178,526	--	3,267,588
254 - Service	--	--	--	--
255 Equipment	--	--	--	--
256 Other (Specify)	--	--	--	--
	<u>89,062</u>	<u>3,178,526</u>	<u>--</u>	<u>3,267,588</u>
12 260 Misc. Capital Assets -				
261 Other (Specify)	--	--	--	--
Total Property and Equipment	<u>\$ 51,625,391</u>	<u>\$ 3,558,450</u>	<u>\$ 17,024</u>	<u>\$ 55,166,817</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

DETAILS OF LONG-TERM DEBT

Year Ended June 30, 1999

Bank loans, mortgage and debentures,
approved by the District and the Government
of Newfoundland and Labrador

		<u>1999</u>	<u>1998</u>
22 210	Loans Other than Pupil Transportation		
	<u>Ref. #</u>		
211	Bank Loans		
	<u>Prime</u> Repayable \$ <u>5,000</u> monthly, maturing <u>2001</u>	\$ 74,915	\$ 134,915
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	Total 211	<u>74,915</u>	<u>134,915</u>
212	Mortgages		
	<u>7.9%</u> Repayable \$ <u>3,902</u> monthly, maturing <u>2016</u>	433,612	447,654
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	Total 212	<u>433,612</u>	<u>447,654</u>
213	Debentures		
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	Total 213	<u>--</u>	<u>--</u>
214	Other (Please Specify)	<u>--</u>	<u>--</u>
	Subtotal	<u>508,527</u>	<u>582,569</u>
215	Less Current Maturities	<u>74,300</u>	<u>74,654</u>
	Total Loans Other Than Pupil Transportation	<u>434,227</u>	<u>507,915</u>

Year Ended June 30, 1999

				<u>1999</u>	<u>1998</u>
22	Loans - Pupil Transportation				
	<u>Ref. #</u>				
221	Vehicle Bank Loans				
	<u>Prime</u> Repayable \$ <u>960</u> monthly, maturing <u>2011</u>	\$ 130,036	\$ --		
	_____ Repayable \$ _____ monthly, maturing _____	--	--		
	_____ Repayable \$ _____ monthly, maturing _____	--	--		
	_____ Repayable \$ _____ monthly, maturing _____	--	--		
	_____ Repayable \$ _____ monthly, maturing _____	--	--		
	_____ Repayable \$ _____ monthly, maturing _____	--	--		
	_____ Repayable \$ _____ monthly, maturing _____	--	--		
	_____ Repayable \$ _____ monthly, maturing _____	--	--		
	_____ Repayable \$ _____ monthly, maturing _____	--	--		
	_____ Repayable \$ _____ monthly, maturing _____	--	--		
	_____ Repayable \$ _____ monthly, maturing _____	--	--		
	_____ Repayable \$ _____ monthly, maturing _____	--	--		
	_____ Repayable \$ _____ monthly, maturing _____	--	--		
	_____ Repayable \$ _____ monthly, maturing _____	--	--		
	Total 221	<u>130,036</u>	<u>--</u>		
222	Land, Buildings and Equipment Bank Loans				
	_____ Repayable \$ _____ monthly, maturing _____	--	--		
	_____ Repayable \$ _____ monthly, maturing _____	--	--		
	_____ Repayable \$ _____ monthly, maturing _____	--	--		
	_____ Repayable \$ _____ monthly, maturing _____	--	--		
	_____ Repayable \$ _____ monthly, maturing _____	--	--		
	Total 222	<u>--</u>	<u>--</u>		
	Subtotal	<u>130,036</u>	<u>--</u>		
223	Less Current Maturities	<u>11,520</u>	<u>--</u>		
	Total Loans - Pupil Transportation	<u>118,516</u>	<u>--</u>		
	Total Long Term Debt	<u>\$ 552,743</u>	<u>\$ 507,915</u>		

School District #3 Corner Brook - Deer Lake - St. Barbe

SUMMARY OF LONG-TERM DEBT

Year Ended June 30, 1999

<u>Description</u>	<u>Ref. #</u>	<u>Rate</u>	<u>Balance Beginning of Year</u>	<u>Loans Obtained During Year</u>	<u>Principal Repayment for Year</u>	<u>Balance End of Year</u>
A) School Construction			\$ 134,915	\$ --	\$ 60,000	\$ 74,915
B) Equipment			--	--	--	--
C) Service Vehicles			--	--	--	--
D) Other - Office			447,654	--	14,042	433,612
E) Pupil Transportation			--	137,716	7,680	130,036
 Total Loans			<u>\$ 582,569</u>	<u>\$ 137,716</u>	<u>\$ 81,722</u>	<u>\$ 638,563</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

SCHEDULE OF CURRENT MATURITIES

Year Ended June 30, 1999

<u>Description</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
A) School Construction	\$ 60,000	\$ 14,915	\$ --	\$ --	\$ --
B) Equipment	--	--	--	--	--
C) Service Vehicles	--	--	--	--	--
D) Other - Office	14,300	14,700	15,100	15,600	16,000
E) Pupil Transportation	11,520	11,520	11,520	11,520	11,520
Total	<u>\$ 85,820</u>	<u>\$ 41,135</u>	<u>\$ 26,620</u>	<u>\$ 27,120</u>	<u>\$ 27,520</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

56 010

SCHEDULE OF INTEREST EXPENSE

Year Ended June 30, 1999

<u>Description</u>		<u>1999</u>	<u>1998</u>
012 Capital			
School Construction		\$ 7,254	\$ 9,287
Equipment		--	--
Service Vehicles		--	--
Other - Office		28,513	27,112
		<u>--</u>	<u>--</u>
Total Capital		<u>35,767</u>	<u>36,399</u>
013 Current - Operating Loans		40,259	11,703
014 - Supplier Interest Charges		<u>--</u>	<u>--</u>
Total Current		<u>40,259</u>	<u>11,703</u>
Total Interest Expense		<u>\$ 76,026</u>	<u>\$ 48,102</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

SUPPLEMENTARY INFORMATION

Year Ended June 30, 1999

1.	<u>Cash</u>		<u>1999</u>	<u>1998</u>
	<u>Current</u>			
11 110	Cash on Hand and in Bank			
111	Cash on Hand	\$ --	\$ --	
112	Bank - Current	--	--	
113	- Savings	--	--	
114	- Teachers' Payroll	--	--	1,235
115	- Non-Teachers' Payroll	--	--	--
116	- Coupon (Debenture)	--	--	--
117	- Other (Specify)	--	--	--
	<u>Capital</u>			
11 210	Cash on Hand and in Bank			
211	Cash on Hand	--	--	
212	Bank - Current	--	--	
213	- Savings	--	--	
214	- Other (Specify)	--	--	
	Total Cash on Hand & in Bank	\$ --	\$ 1,235	
2.	<u>Short Term Investments</u>			
	<u>Current</u>			
11 121	Term Deposits	\$ 65,825	\$ 51,655	
122	Canada Savings Bonds	--	--	
123	Other (Specify) - Shares	896	896	
	<u>Capital</u>			
11 221	Term Deposits	--	--	
222	Canada Savings Bonds	--	--	
223	Other (Specify)	--	--	
	Total Short Term Investments	\$ 66,721	\$ 52,551	

School District #3 Corner Brook - Deer Lake - St. Barbe

SUPPLEMENTARY INFORMATION

Year Ended June 30, 1999

3. Prepaid Expenses

		<u>1999</u>	<u>1998</u>
	<u>Current</u>		
11 141	Insurance	\$ --	\$ --
142	Municipal Service Fees	--	--
143	Supplies	--	--
144	Other (Specify) - Registration Fees	2,407	--
	<u>Capital</u>		
11 241	Other (Specify)	--	--
		<u>\$ 2,407</u>	<u>\$ --</u>

CREDIT UNION DEPOSIT GUARANTEE CORPORATION

REPORT AND FINANCIAL STATEMENTS

DECEMBER 31, 1999



AUDITORS' REPORT

The Board of Directors,
Credit Union Deposit Guarantee Corporation

We have audited the balance sheet of Credit Union Deposit Guarantee Corporation as at December 31, 1999 and the statements of income and fund balance and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

St. John's, Newfoundland,
February 11, 2000.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants

CREDIT UNION DEPOSIT GUARANTEE CORPORATION
(Incorporated under the laws of the Province of Newfoundland)

BALANCE SHEET AS AT DECEMBER 31, 1999

	<u>1999</u>	<u>1998</u>
ASSETS		
Current		
Cash	\$ 2,635	\$ 13,549
Receivables (Note 3)	<u>190,676</u>	<u>168,958</u>
	193,311	182,507
Investments (Note 4)	4,044,719	3,952,536
Capital assets (Note 5)	<u>38,177</u>	<u>32,806</u>
	<u><u>\$ 4,276,207</u></u>	<u><u>\$ 4,167,849</u></u>

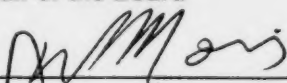
LIABILITIES

Current		
Accounts payable and accrued liabilities	\$ 99,535	\$ 78,670
Due to Eagle River Credit Union Limited	<u>-</u>	<u>50,587</u>
	99,535	129,257

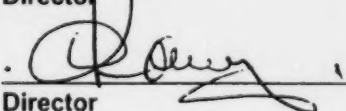
FUND BALANCE

Deposit guarantee fund balance	<u>4,176,672</u>	<u>4,038,592</u>
	<u><u>\$ 4,276,207</u></u>	<u><u>\$ 4,167,849</u></u>
Contingencies (Note 8)		

On behalf of the Board



 Director



 Director

See accompanying notes to financial statements.

CREDIT UNION DEPOSIT GUARANTEE CORPORATION

STATEMENT OF INCOME AND FUND BALANCE FOR THE YEAR ENDED DECEMBER 31, 1999

	1999	1998
Income		
Assessments on credit unions		
Interest	\$ 495,857	\$ 464,983
Bonding insurance	208,045	203,707
Other	114,768	113,453
	<u>4,423</u>	<u>4,199</u>
	<u>823,093</u>	<u>786,342</u>
Expenses		
Salaries and benefits		
Bonding insurance	311,707	262,247
Travel	87,718	88,676
Office and administration	39,282	31,667
Rent	22,166	19,171
Amortization	19,268	19,268
Training	11,055	6,193
Advertising and promotion	5,388	4,207
Directors' fees	4,159	1,182
Loss on disposal of capital assets	1,650	-
Guarantee fees	1,394	-
Insurance	1,000	1,000
Membership fees	869	900
Meetings	850	750
	<u>579</u>	<u>139</u>
	<u>507,085</u>	<u>435,400</u>
Income before undernoted items	316,008	350,942
Assistance to credit unions (Note 8)	<u>(177,928)</u>	<u>(924,310)</u>
Income (loss) before income taxes	138,080	(573,368)
Income tax recovery	-	306
Net income (loss) for the year	138,080	(573,062)
Deposit guarantee fund balance, beginning of the year	<u>4,038,592</u>	<u>4,611,654</u>
Deposit guarantee fund balance, end of the year	<u>\$ 4,176,672</u>	<u>\$ 4,038,592</u>

See accompanying notes to financial statements.

CREDIT UNION DEPOSIT GUARANTEE CORPORATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>1999</u>	<u>1998</u>
Cash provided by (used in)		
Operating activities		
Net income for the year	\$ 138,080	\$ (573,062)
Items not involving cash		
Amortization	11,055	6,193
Loss on disposal of capital assets	<u>1,394</u>	<u>-</u>
	150,529	(566,869)
Change in non-cash operating working capital	<u>(51,440)</u>	<u>11,819</u>
	<u>99,089</u>	<u>(555,050)</u>
Investing activities		
Purchase of furniture and equipment	(17,820)	(34,054)
Decrease (increase) in investments	<u>(92,183)</u>	<u>592,083</u>
	<u>(110,003)</u>	<u>558,029</u>
Increase (decrease) in cash position	(10,914)	2,979
Cash, beginning of the year	<u>13,549</u>	<u>10,570</u>
Cash, end of the year	<u>\$ 2,635</u>	<u>\$ 13,549</u>

See accompanying notes to financial statements.

CREDIT UNION DEPOSIT GUARANTEE CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1999

1. Nature of operations

The Credit Union Deposit Guarantee Corporation (the "Corporation") is established as a corporation without share capital under the provisions of Section 176 of the Credit Union Act.

The Corporation guarantees the deposits of members of credit unions in the Province of Newfoundland pursuant to the Credit Union Deposit Guarantee Corporation Regulations of the Co-operative Societies Act. This guarantee is supported by the investments held by the Corporation and a guarantee provided by the Government of Newfoundland and Labrador.

2. Significant accounting policies

(a) Investments

Investments are recorded at cost. When, in the opinion of management, a permanent decline in the value of the investments has occurred, the carrying value is adjusted accordingly.

(b) Capital assets

Capital assets are recorded at cost. Amortization is provided on a declining balance basis at rates which will reduce original cost to estimated residual value over the useful life of the assets.

(c) Revenue recognition

The Corporation recognizes assessment revenue based on a percentage of insured deposits of individual credit unions operating within the Province of Newfoundland and Labrador.

(d) Assistance to credit unions

Assistance to credit unions is recorded only when it can be reasonably determined by the Corporation that such a payment will be required and when the Board of Directors have assessed the reasonableness of such a charge and authorized the assistance as a commitment of the Fund. The determination of the assistance requires the exercise of judgement because the precise amount, method and timing of such assistance is dependent upon future events. The amount of actual assistance paid, and future possible assistance is disclosed in the financial statements.

(e) Cash and cash equivalents

Cash and cash equivalents consists of balances with banks.

CREDIT UNION DEPOSIT GUARANTEE CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1999

2. Significant accounting policies (Continued)

(g) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates; however, such differences would not be expected to have a material impact on these financial statements.

3. Receivables

	1999	1998
Accrued interest	\$ 163,185	\$ 138,101
Other	27,491	30,857
	<u>\$ 190,676</u>	<u>\$ 168,958</u>

4. Investments

Issuer	Type	Rate	Maturity	Maturity Value	Cost
Credit Union Central of Nova Scotia	Shares			\$ 1,000	\$ 1,000
Newfoundland and Labrador Credit Union Ltd.	Shares			100	100
				1,100	1,100
Government of Canada	Treasury Bill	4.76%	00/01/06	469,000	447,745
Government of Canada	Treasury Bill	4.84%	00/01/20	62,000	60,649
Government of Canada	Treasury Bill	4.86%	00/02/03	494,000	471,162
Government of Canada	Treasury Bill	5.18%	00/03/02	2,469,000	2,347,723
Government of Canada	Treasury Bill	4.78%	00/03/30	474,000	452,433
Government of Canada	Treasury Bill	5.20%	00/07/20	171,000	163,189
Government of Canada	Treasury Bill	5.55%	00/12/07	90,000	85,279
Bank of Montreal	Term Deposit	3.65%	00/10/05	15,439	15,439
				<u>\$4,245,539</u>	<u>\$4,044,719</u>

CREDIT UNION DEPOSIT GUARANTEE CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1999

5. Capital assets

		1999		1998	
	Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and equipment	20%	\$ 24,313	\$ 9,829	\$ 14,484	\$ 4,387
Computer equipment	30%	37,188	13,495	23,693	28,419
		<u>\$ 61,501</u>	<u>\$ 23,324</u>	<u>\$ 38,177</u>	<u>\$ 32,806</u>

6. Income taxes

The Corporation has the following non-capital losses available which can be used to reduce future years' taxable income.

<u>Year of expiry</u>	<u>Amount</u>
2004	\$ 103,168
2005	104,685
2006	163,796
	<u>\$ 371,649</u>

The potential income tax benefit associated with those losses has not been recognized in these financial statements.

7. Commitments

The Corporation has entered into a lease agreement for office space which expires July 31, 2004. The amount of the annual rent payable is \$19,267.

CREDIT UNION DEPOSIT GUARANTEE CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1999

8. Contingencies

- (i) The Corporation has provided a deficiency guarantee to Newfoundland and Labrador Credit Union Limited in respect to certain long term loans outstanding in its accounts which arose out of the purchase of the net assets of Bay St. George Credit Union Limited by Newfoundland and Labrador Credit Union Limited. During 1999, the Corporation paid \$180,976 under this guarantee, which expires June 1, 2000.
- (ii) The Corporation has guaranteed a line of credit issued to Tri-Island Credit Union Limited. The amount of the guarantee is limited to the line of credit balance that exceeds \$1,500,000 and is less than or equal to \$3,500,000. Tri-Island Credit Union Limited's line of credit balance was below \$1,500,000 as at December 31, 1999.
- (iii) The Corporation is contingently liable for severance pay for certain employees, should they leave employment with the Corporation and not accept a position within the public service.

9. Fair value of financial instruments

The carrying values of cash, receivables, instruments and payables and accruals approximate their fair value due to the relatively short periods to maturity of the instruments.

10. Comparative figures

The prior years' figures were reported on by another firm of chartered accountants.

11. Year 2000 issue

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 issue that may affect the Corporation, including those related to customers, suppliers, or other third parties, have been fully resolved.

DIRECTOR OF SUPPORT ENFORCEMENT

FINANCIAL STATEMENTS

31 MARCH 2000



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Director of Support Enforcement
Corner Brook, Newfoundland

I have audited the balance sheet of the Director of Support Enforcement as at 31 March 2000 and the statement of receipts and disbursements for the year then ended. These financial statements are the responsibility of the Director. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Director of Support Enforcement as at 31 March 2000 and the receipts and disbursements for the year then ended in accordance with generally accepted accounting principles.

Elizabeth Marshall

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
12 July 2000

DIRECTOR OF SUPPORT ENFORCEMENT

BALANCE SHEET

31 MARCH 2000

	<u>2000</u>	<u>1999</u>
ASSETS		
Cash	\$ 178,430	\$ 100,666
Accounts receivable (Note 2)	17,895,124	16,517,805
Other receivables (Note 3)	<u>9,355</u>	<u>11,323</u>
	<u>\$18,082,909</u>	<u>\$16,629,794</u>

LIABILITIES

Accounts payable (Note 4)	\$18,073,962	\$16,627,421
Other payables (Note 5)	<u>8,947</u>	<u>2,373</u>
	<u>\$18,082,909</u>	<u>\$16,629,794</u>

See accompanying notes

Signed:


Director

DIRECTOR OF SUPPORT ENFORCEMENT
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u>	<u>1999</u>
RECEIPTS		
Regular support	\$16,619,901	\$15,696,811
Out-of-system support	<u>655,144</u>	<u>683,345</u>
	<u>17,275,045</u>	<u>16,380,156</u>
DISBURSEMENTS		
Regular support	16,542,137	15,719,298
Out-of-system support	<u>655,144</u>	<u>683,345</u>
	<u>17,197,281</u>	<u>16,402,643</u>
Excess of receipts over disbursements (disbursements over receipts)	77,764	(22,487)
Cash, beginning of year	<u>100,666</u>	<u>123,153</u>
Cash, end of year	<u>\$ 178,430</u>	<u>\$ 100,666</u>

See accompanying notes

DIRECTOR OF SUPPORT ENFORCEMENT

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

Authority

The Director of Support Enforcement operates under the authority of the Support Orders Enforcement Act. Under this Act, the Director is responsible for enforcing court ordered support payments and for acting on behalf of the Attorney General in matters arising pursuant to the Reciprocal Enforcement of Support Orders Act.

1. Significant accounting policies

These financial statements have been prepared by the Director of Support Enforcement in accordance with generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Assets and liabilities

Assets are comprised of amounts received or receivable from debtors while liabilities represent the corresponding amount due to creditors.

(b) Receipts and disbursements

Receipts are recorded when amounts are received from debtors and disbursements are recorded when amounts are paid to creditors. Amounts paid directly to creditors by debtors are recorded as out-of-system support while amounts received by the Director of Support Enforcement are recorded as regular support.

2. Accounts receivable

Accounts receivable is comprised of amounts owing from debtors on registered support orders. The receivables are classified as follows:

DIRECTOR OF SUPPORT ENFORCEMENT

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

2. Accounts receivable (cont.)

	<u>2000</u>	<u>1999</u>
Unenforceable support orders		
Debtor out of Province - reciprocal enforcement support orders	\$ 7,465,513	\$ 7,140,720
Debtor in receipt of social assistance	3,479,333	3,021,995
Stay of enforcement in place	<u>1,625,184</u>	<u>1,431,004</u>
	12,570,030	11,593,719
Enforceable support orders	<u>5,325,094</u>	<u>4,924,086</u>
	<u>\$17,895,124</u>	<u>\$16,517,805</u>

3. Other receivables

	<u>2000</u>	<u>1999</u>
Recoverable payments	<u>\$9,355</u>	<u>\$11,323</u>

Recoverable payments represent payments made to creditors when the corresponding debtor cheque was not negotiable or the payment was made in error.

DIRECTOR OF SUPPORT ENFORCEMENT

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

4. Accounts payable

Accounts payable is comprised of amounts owing to creditors in accordance with registered support orders.

	<u>2000</u>	<u>1999</u>
Unenforceable support orders		
Debtor out of Province - reciprocal enforcement support orders	\$ 7,465,513	\$ 7,140,720
Debtor in receipt of social assistance	3,479,333	3,021,995
Stay of enforcement in place	<u>1,625,184</u>	<u>1,431,004</u>
	12,570,030	11,593,719
Enforceable support orders	<u>5,503,932</u>	<u>5,033,702</u>
	<u>\$18,073,962</u>	<u>\$16,627,421</u>

5. Other payables

Other payables of \$8,947 (1999 - \$2,373) represent funds which have not been assigned to any debtor account. These amounts may eventually be paid to the Newfoundland Exchequer Account.

6. Related party transactions

For administrative purposes the Director of Support Enforcement operates as a division of the Department of Justice. Expenses related to salaries, accommodations and administration are paid directly by the Department and no provision is made in these financial statements for those expenditures.

7. Income taxes

The Director of Support Enforcement operates as a division of the Department of Justice and as such is not subject to Provincial or Federal income taxes.

Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member Firm of
Grant Thornton International

Grant Thornton 

**Eastern Health and
Community Services Board
Operating Fund
Financial Statements**
March 31, 2000

Contents

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Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Cash Flows	5
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Auditors' Report

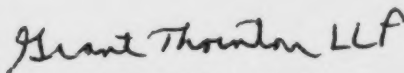
To the Chairman and Members of the
Eastern Health and Community Services Board

We have audited the statement of financial position of the Eastern Health and Community Services Board - Operating Fund as at March 31, 2000, and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Eastern Health and Community Services Board - Operating Fund as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

St. John's, Newfoundland
June 13, 2000


Chartered Accountants

Eastern Health and Community Services Board
Operating Fund
Statement of Operations

Year Ended March 31

2000

1999

Revenue		
Provincial plan	\$ 31,916,503	\$ 29,761,678
Board Fund grant	101,000	50,000
Other income	41,110	20
	<u>32,058,613</u>	<u>29,811,698</u>
Expenditure		
Operating		
Salaries	9,537,874	8,799,997
Benefits	1,738,526	1,591,143
Rent	763,930	592,464
Travel	748,595	705,219
Telephone	425,820	328,441
Medical supplies	258,357	207,939
Miscellaneous	699,378	597,203
	<u>14,172,480</u>	<u>12,822,406</u>
Program		
Family Rehabilitative Program	8,676,798	8,137,791
Home Support Program	4,286,843	4,099,473
Child Welfare Program	2,879,390	2,969,761
Personal Care Homes Program	2,190,199	2,171,021
Special Assistance Program	508,709	409,280
Community Corrections Program	105,770	100,453
National Child Benefit Program	14,461	
	<u>18,662,170</u>	<u>17,887,779</u>
	<u>32,834,650</u>	<u>30,710,185</u>
Deficit prior to non-shareable items	<u>(776,037)</u>	<u>(898,487)</u>
Non-shareable items		
Amortization of deferred capital grants	(51,385)	(46,937)
Depreciation	51,385	46,937
Accrued severance expense increase	109,956	575,102
Accrued vacation expense increase	129,813	290,715
	<u>239,769</u>	<u>865,817</u>
Deficit on operations	<u>\$ (1,015,806)</u>	<u>\$ (1,764,304)</u>

See accompanying notes to the financial statements.

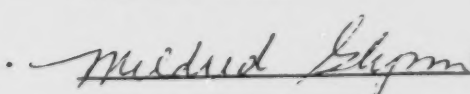
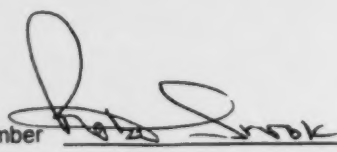
**Eastern Health and Community Services Board
Operating Fund
Statement of Financial Position**

March 31	2000	1999
Assets		
Current		
Receivables (Note 3)	\$ 1,003,770	\$ 1,382,662
Due from Board Fund	59,446	10,177
Prepaid expenses	<u>299,129</u>	<u>263,562</u>
	1,362,345	1,656,401
Resident trust fund	5,521	6,000
Equipment (Note 4)	<u>113,884</u>	<u>104,570</u>
	<u>\$ 1,481,750</u>	<u>\$ 1,766,971</u>
Liabilities		
Current		
Bank indebtedness	\$ 1,026,066	\$ 191,674
Payables and accruals	1,226,408	1,790,289
Accrued vacation pay	771,872	642,059
Deferred contributions	<u>506,996</u>	<u>399,674</u>
	3,531,342	3,023,696
Resident trust liability	5,521	6,000
Accrued severance pay	<u>1,348,120</u>	<u>1,238,164</u>
	4,884,983	4,267,860
Deferred contributions – capital (Note 5)	<u>218,032</u>	<u>104,570</u>
	5,103,015	4,372,430
Net Assets		
Deficiency	<u>(3,621,265)</u>	<u>(2,605,459)</u>
	<u>\$ 1,481,750</u>	<u>\$ 1,766,971</u>

Commitments (Note 7)

Uncertainty (Note 8)

On behalf of the Board

 Member
  Member

See accompanying notes to the financial statements.

Eastern Health and Community Services Board
Operating Fund
Statement of Changes in Net Assets

Year Ended March 31	2000	1999
Balance, beginning of year	\$ (2,605,459)	\$ (841,155)
Deficit on operations	<u>(1,015,806)</u>	<u>(1,764,304)</u>
Balance, end of year	<u>\$ (3,621,265)</u>	<u>\$ (2,605,459)</u>
Deficiency comprised of:		
Balance prior to accrual for unfunded items	\$ (1,501,273)	
Vacation pay accrual	(771,872)	
Severance pay accrual	<u>(1,348,120)</u>	
	<u>\$ (3,621,265)</u>	

See accompanying notes to the financial statements.

Eastern Health and Community Services Board
Operating Fund
Statement of Cash Flows

Year Ended March 31

2000

1999

Cash derived from (applied to)

Operating		
Deficit on operations	\$(1,015,806)	\$(1,764,304)
Depreciation	51,385	46,937
Amortization of deferred capital grants	(51,385)	(46,937)
Increase in accrued severance pay	<u>109,956</u>	<u>575,102</u>
	(905,850)	(1,189,202)
Change in non-cash operating working capital (Note 6)	<u>(32,690)</u>	<u>170,361</u>
	<u>(938,540)</u>	<u>(1,018,841)</u>
Financing		
Capital grants - Province of Newfoundland	125,847	53,029
Transfer from Board Fund - capital	<u>39,000</u>	<u>50,000</u>
	<u>164,847</u>	<u>103,029</u>
Investing		
Purchase of equipment	<u>(60,699)</u>	<u>(103,029)</u>
Net decrease in cash	(834,392)	(1,018,841)
(Bank indebtedness) cash		
Beginning of year	<u>(191,674)</u>	<u>827,167</u>
End of year	<u>\$(1,026,066)</u>	<u>\$ (191,674)</u>

See accompanying notes to the financial statements.

Eastern Health and Community Services Board
Operating Fund
Notes to the Financial Statements
March 31, 2000

1. Nature of operations

The Eastern Health and Community Services Board - Operating Fund provides health promotion, health protection, continuing care and mental health and addictions services to the residents of the communities of the region. In addition, the Board administers the Home Support Program, Personal Care Home Program, Special Assistance Program, Family Rehabilitative Program and Child Welfare and Community Corrections Program.

The Board is incorporated under the Health and Community Services Act of Newfoundland and is exempt from income taxes under the Income Tax Act.

Any investment revenue and interest earned on the operating accounts are credited to the Board Fund. Any Operating Fund deficits are the responsibility of the Board Fund.

The results of the Board Fund are presented in separate financial statements.

2. Summary of significant accounting policies

Accounting for Transactions with the Department of Health and Community Services and Government of Newfoundland and Labrador.

The Board is reimbursed for the total of its operating costs after deduction of specified expenditures, including expenses not approved by the Department.

Effective for the 1996 - 1997 fiscal year, the Board is operating within a three year budgeting process. The final settlement amount for the 1997, 1998 and 1999 fiscal years is not complete. For the 2000 fiscal year, the Board prepared a one year budget. Any transfer of an Operating Fund surplus to the Board Fund or any transfer from the Board Fund to finance an Operating Fund deficit is subject to availability of funds and will be recorded when the amount is confirmed by a final settlement by the Department of Health and Community Services.

Capital assets

Purchases of minor equipment are charged to cost of services in the year they are purchased. Major equipment purchases are recorded at their full cost under capital assets.

Eastern Health and Community Services Board
Operating Fund
Notes to the Financial Statements

March 31, 2000

2. Summary of significant accounting policies (cont'd)

Depreciation

Depreciation is recorded on the declining balance method at the following annual rates:

Equipment	6 2/3%
Computer software	20%
Computer equipment	33 1/3%

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay rests with employees with nine years of continual service, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Board. These payments will be funded by the Department of Health and Community Services as they become due.

Deferred contributions

Grants received from government and Board Fund relating to the acquisition of capital assets are recorded as deferred contributions and are amortized on the same basis as the related asset is depreciated. During the year, a grant of \$162,500 (1999 - \$22,500) was received from the Department of Health and Community Services. \$53,653 of this grant was used to fund capital expenditures of the prior year which were recorded as a receivable in 1999. Special funding of \$17,000 (1999 - \$Nil) was also received from the Department of Health and Community Services for Year 2000 funding. In addition, \$39,000 (1999 - \$50,000) was transferred from the Board Fund.

Revenue recognition

The Board follows the deferral method of accounting for contributions which include donations and government grants.

Medical supplies

Medical supplies are charged to cost of services when purchased.

3. Receivables	<u>2000</u>	<u>1999</u>
Province of Newfoundland	\$ 672,654	\$ 1,200,911
Other	<u>331,116</u>	<u>181,751</u>
	<u>\$ 1,003,770</u>	<u>\$ 1,382,662</u>

Eastern Health and Community Services Board
Operating Fund
Notes to the Financial Statements
March 31, 2000

4. Equipment			<u>2000</u>	<u>1999</u>
			Net Book Value	Net Book Value
	<u>Cost</u>	<u>Accumulated Depreciation</u>		
Equipment	\$ 12,530	\$ 2,240	\$ 10,290	\$ 11,025
Computer software	7,656	3,097	4,559	2,465
Computer equipment	<u>217,665</u>	<u>118,630</u>	<u>99,035</u>	<u>91,080</u>
	<u>\$ 237,851</u>	<u>\$ 123,967</u>	<u>\$ 113,884</u>	<u>\$ 104,570</u>

5. Deferred contributions - capital

Capital grants from the Province of Newfoundland and the Board Fund received by the Board are deferred and amortized on a declining balance method consistent with the depreciation rate for the related asset purchased. The changes in the deferred capital grants balance for the year are as follows:

	<u>2000</u>	<u>1999</u>
Balance, beginning of year	\$ 104,570	\$ 48,478
Capital contributions from provincial plan	125,847	53,029
Capital contributions from Board Fund	39,000	50,000
Amortization for the year	<u>(51,385)</u>	<u>(46,937)</u>
Balance, end of year	<u>\$ 218,032</u>	<u>\$ 104,570</u>

6. Change in non-cash operating working capital	<u>2000</u>	<u>1999</u>
Receivables	\$ 378,892	\$(1,273,005)
Due from Board Fund	(49,269)	(10,177)
Prepaid expenses	(35,567)	(20,773)
Payables and accruals	(563,881)	783,926
Accrued vacation pay	129,813	290,716
Deferred contributions	<u>107,322</u>	<u>399,674</u>
	<u>\$ (32,690)</u>	<u>\$ 170,361</u>

**Eastern Health and Community Services Board
Operating Fund
Notes to the Financial Statements**

March 31, 2000

7. Commitments

The Board is committed to minimum annual rentals under lease agreements for office space, equipment and vehicles as follows:

2001	\$ 609,682
2002	\$ 397,646
2003	\$ 368,626
2004	\$ 339,992
2005	\$ 115,515

8. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the Board, including those related to customers, suppliers, or other third parties, have been fully resolved.

THE ENTERPRISE NETWORK INC.

FINANCIAL STATEMENTS

31 MARCH 1999



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Chairperson
The Enterprise Network Inc.
St. John's, Newfoundland

I have audited the balance sheet of The Enterprise Network Inc. as at 31 March 1999 and the statement of revenue and expenditure for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 1999 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Elizabeth Marshall

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
22 June 1999, except as to the Authenticity note
and Note 6, which are as of 24 January 2000

THE ENTERPRISE NETWORK INC.

BALANCE SHEET

31 MARCH 1999

	<u>1999</u>	<u>1998</u>
ASSETS		
Current		
Cash	\$ 1	\$ -
Accounts receivable (Note 2)	-	1,217
Investment in joint venture (Note 3)	<u>-</u>	<u>1</u>
	<u>\$ 1</u>	<u>\$1,218</u>
LIABILITIES AND EQUITY		
Current		
Accounts payable	\$ -	\$1,217
Equity		
Capital stock		
Authorized		
Unlimited common shares		
Unlimited non-voting preference shares		
Issued		
1 common share	<u>1</u>	<u>1</u>
	<u>\$ 1</u>	<u>\$1,218</u>

See accompanying notes

Signed on behalf of the Corporation:


Chairperson

THE ENTERPRISE NETWORK INC.
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 1999

	<u>1999</u>	<u>1998</u>
REVENUE		
Operating grants (Note 4)	\$ -	\$517,735
Other income	<u> </u>	<u>21,808</u>
	<u>\$ -</u>	<u>\$539,543</u>
 EXPENDITURE		
Capital assets	\$ -	\$ 11,021
Meetings	-	6,967
Office	-	20,083
Outside professional services	-	104,092
Personnel	-	266,039
Premises	-	37,522
Systems operations	-	33,551
Telecommunications	-	39,805
Transportation	<u>-</u>	<u>20,463</u>
	<u>\$ -</u>	<u>\$539,543</u>

See accompanying notes

THE ENTERPRISE NETWORK INC.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

Authority

The Enterprise Network Inc. (the Corporation) is a Crown corporation which was established to promote rural information industry development. The Corporation works in conjunction with the Atlantic Canada Opportunities Agency and receives financial assistance under the Federal/Provincial Strategic Regional Diversification Agreement. Its affairs are managed by a Board of Directors appointed by the Minister of Development and Rural Renewal as agent for the Minister of Industry, Trade and Technology who is the sole shareholder of the Corporation.

In October 1997, the Corporation closed its telecentres and effectively ceased operations. In the same month, the Corporation vacated the office space it was leasing and the Department of Development and Rural Renewal assumed responsibility for the lease commitment.

In September 1998, Cabinet authorized the Minister of Industry, Trade and Technology to transfer the Corporation's interest in the joint venture operation of Fast Forward Technologies Inc. to the other joint venturer for \$1 and to dissolve The Enterprise Network Inc. as a corporate entity. In the same month, the Corporation's share in the joint venture operation was transferred to the other joint venturer for \$1.

In October 1999, Articles of Dissolution under the Corporations Act were filed with the Province's Registry of Companies. As no transactions occurred from April 1999 to October 1999, these financial statements represent the Corporation's final financial position and results of operations.

1. Significant accounting policies

These financial statements have been prepared by the Corporation in accordance with generally accepted accounting principles. Outlined below is the significant accounting policy followed.

Capital assets

All capital assets were recorded at cost at the time of acquisition and have been fully expensed in prior years.

2. Accounts receivable

	<u>1999</u>	<u>1998</u>
Trade	\$12,016	\$12,167
Province of Newfoundland	-	1,066
	12,016	13,233
Less: allowance for doubtful accounts	12,016	12,016
	<u>\$ -</u>	<u>\$ 1,217</u>

THE ENTERPRISE NETWORK INC.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

3. Investment in joint venture

On 3 August 1995, the Corporation and another venturer formed the joint venture operation of Fast Forward Technologies Inc. for the purpose of developing products and services with market potential within the global information society. In July 1998, a share valuation was completed by a private sector accounting firm, which indicated that the fair market value of the Province's share in the joint venture was \$1. As a result, the Corporation's share of the joint venture operation was recorded at a nominal value of \$1.

On 27 September 1998, the Corporation's share of the joint venture operation was transferred to the other joint venturer for \$1.

4. Operating grants

Under the Federal/Provincial Strategic Regional Diversification Agreement, the Corporation was reimbursed by the Federal government (70%) and the Province (30%) for the total of its operating costs net of other income to the extent of its approved budget.

5. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

6. Subsequent event

On 6 October 1999, Articles of Dissolution under the Corporations Act were filed with the Province's Registry of Companies, dissolving The Enterprise Network Inc. as a corporate entity.

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL
ENTERPRISE NEWFOUNDLAND AND LABRADOR CORPORATION
FINANCIAL STATEMENTS
31 MARCH 1999



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Deputy Minister
Department of Development
and Rural Renewal
St. John's, Newfoundland

I have audited the balance sheet of Enterprise Newfoundland and Labrador Corporation as at 31 March 1999 and the statements of equity, revenue and expenditure, and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in cursive script that reads "E. Marshall".

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
3 December 1999

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL
ENTERPRISE NEWFOUNDLAND AND LABRADOR CORPORATION

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DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL
ENTERPRISE NEWFOUNDLAND AND LABRADOR CORPORATION

BALANCE SHEET

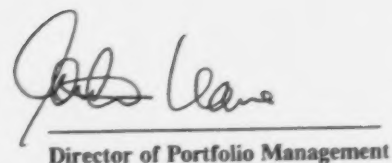
31 MARCH 1999

	<u>1999</u>	<u>1998</u>
ASSETS		
Cash	\$ 4,861,055	\$ 9,650,042
Account receivable (Note 8)	403,417	307,640
Operating grant receivable (Note 6)	1,975,000	3,000,000
Due from Labrador Stores Inc. (Note 2)	104,785	95,327
Loans and equity investments (Note 3)	15,309,925	24,113,655
Accounts receivable - SRDA (Note 7)	987,265	397,780
Investment in Labrador Stores Inc.	<u>1</u>	<u>1</u>
	<u>\$23,641,448</u>	<u>\$37,564,445</u>
LIABILITIES AND EQUITY		
Accrual for loan guarantees (Note 4)	\$ 700,000	\$ 1,695,000
Non-refundable deposits	<u>33,016</u>	<u>33,016</u>
	733,016	1,728,016
Equity	<u>22,908,432</u>	<u>35,836,429</u>
	<u>\$23,641,448</u>	<u>\$37,564,445</u>

See accompanying notes

Signed on behalf of the Board:


 Deputy Minister


 Director of Portfolio Management

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL
ENTERPRISE NEWFOUNDLAND AND LABRADOR CORPORATION

STATEMENT OF EQUITY
FOR THE YEAR ENDED 31 MARCH 1999

	<u>1999</u>	<u>1998</u>
Contributed Capital (Note 5)		
Balance, beginning of year	\$ 88,695,652	\$ 89,407,323
Capital contributions from the Province of Newfoundland	8,975,000	7,000,000
Principal paid to the Province of Newfoundland	(5,131,329)	(6,541,471)
Investment transferred to the Department of Finance (Note 6)	(4,500,000)	-
Contributions disbursed as grants	(682,345)	(330,054)
Principal written off net of recoveries (Note 3)	<u>(3,015,766)</u>	<u>(840,146)</u>
Balance, end of year	<u>84,341,212</u>	<u>88,695,652</u>
Deficit		
Balance, beginning of year	(52,859,223)	(42,958,309)
Investment income paid to the Province of Newfoundland	(2,342,024)	(2,990,611)
Excess of expenditure over revenue	(9,247,299)	(7,750,449)
Principal written off net of recoveries (Note 3)	<u>3,015,766</u>	<u>840,146</u>
Balance, end of year	<u>(61,432,780)</u>	<u>(52,859,223)</u>
Equity, end of year	<u>\$ 22,908,432</u>	<u>\$ 35,836,429</u>

See accompanying notes

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL
ENTERPRISE NEWFOUNDLAND AND LABRADOR CORPORATION

STATEMENT OF REVENUE AND EXPENDITURE

FOR THE YEAR ENDED 31 MARCH 1999

	<u>1999</u>	<u>1998</u>
REVENUE		
Interest on loans	\$ 520,665	\$ 1,317,427
Investment income	438,793	777,308
Dividend income	<u>404,317</u>	<u>151,740</u>
	<u>1,363,775</u>	<u>2,246,475</u>
 EXPENDITURE		
Forgivable loans (Note 6)	34,040	1,146,347
Provision (recovery) for payout on loan guarantees	(324,812)	1,695,000
Provision for decline in value of loans receivable and equity investments	<u>10,901,846</u>	<u>7,155,577</u>
	<u>10,611,074</u>	<u>9,996,924</u>
 Excess of expenditure over revenue	<u>\$(9,247,299)</u>	<u>\$(7,750,449)</u>

See accompanying notes

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL
ENTERPRISE NEWFOUNDLAND AND LABRADOR CORPORATION

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 1999

	<u>1999</u>	<u>1998</u>
Cash provided by (used in):		
Operating Activities		
Excess of expenditure over revenue	\$ (9,247,299)	\$ (7,750,449)
Add non-cash items		
Provision for decline in value of loans receivable and equity investments	10,901,846	7,155,577
Provision (recovery) for payout on loan guarantees	<u>(324,812)</u>	<u>1,695,000</u>
	1,329,735	1,100,128
Changes in other operating items:		
Accounts receivable	(95,777)	(307,640)
Operating grant receivable	1,025,000	(3,000,000)
Non-refundable deposits	-	310
Operating grant payable	-	(380,508)
Investment income paid to the Province of Newfoundland	<u>(2,342,024)</u>	<u>(2,990,611)</u>
	<u>(83,066)</u>	<u>(5,578,321)</u>
Financing Activities		
Capital contributions from the Province of Newfoundland	8,975,000	7,000,000
Principal paid to the Province of Newfoundland	(5,131,329)	(6,541,471)
Investment transferred to the Department of Finance	(4,500,000)	-
Contributions disbursed as grants	<u>(682,345)</u>	<u>(330,054)</u>
	<u>(1,338,674)</u>	<u>128,475</u>
Investing Activities		
Increase in loans and equity investments	(15,149,332)	(8,041,926)
Collection of loans and equity investments	7,282,085	9,532,082
Investment transferred to the Department of Finance	<u>4,500,000</u>	<u>-</u>
	<u>(3,367,247)</u>	<u>1,490,156</u>
Net decrease in cash	(4,788,987)	(3,959,690)
Cash, beginning of year	<u>9,650,042</u>	<u>13,609,732</u>
Cash, end of year	<u>\$ 4,861,055</u>	<u>\$ 9,650,042</u>

See accompanying notes

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL
ENTERPRISE NEWFOUNDLAND AND LABRADOR CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

Authority

Enterprise Newfoundland and Labrador Corporation (the Corporation) was established under the authority of the *Enterprise Newfoundland and Labrador Corporation Act*. The Corporation is funded by the Province of Newfoundland (the Province) and was established for the following purposes:

- Promoting the values of an enterprise culture and encouraging self-reliance throughout the Province;
- Promoting, especially, small and medium-sized enterprises;
- Promoting and assisting in the integration of local economic development and the work of educational institutions; and,
- Developing and implementing programs to provide persons with the information, advice and assistance, both financial and other, needed to facilitate the development of small and medium-sized enterprises.

Effective 14 March 1996, the functions and staff of Enterprise Newfoundland and Labrador Corporation were transferred to the Department of Development and Rural Renewal. Legislated changes to repeal the Board as a separate entity were assented to on 15 December 1998; however, as of 3 December 1999, this legislation has not been proclaimed and therefore, is not in force.

1. Significant accounting policies

The Corporation prepares its financial statements in accordance with generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Loans receivable

The Corporation records loans receivable at cost. When loans are identified as impaired, the Corporation records an allowance to reduce their carrying values to their estimated realizable amounts. Estimated realizable amounts are measured at discounted cash flows when the cash flows can be estimated with reasonable reliability, or alternatively, at the estimated net realizable value of the underlying security.

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL
ENTERPRISE NEWFOUNDLAND AND LABRADOR CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

1. Significant accounting policies (Cont'd)

(b) Equity investments

The Corporation records equity investments at cost. In certain circumstances, the Corporation may have acquired the right to appoint representatives to an equity investee's board of directors or it may have a significant influence on the strategic operating, investing and financing policies of the investee. However, because of the nature of the Corporation's investment process and the manner in which these positions were acquired, such control or significant influence may not in fact be exercised or the Corporation may not intend to maintain such positions. Accordingly the accounts of the investee companies in which the Corporation holds greater than 20 percent of the voting rights are accounted for on the cost basis.

Provision is made by the Corporation for any decline in the value of investee companies which is considered to be other than temporary.

(c) Revenue recognition

Interest income is accounted for on the accrual basis for all loans other than impaired loans. Recognition of interest in accordance with the terms of the original loan agreement cease when a loan becomes impaired. A loan is classified as impaired when, in the opinion of management, there is reasonable doubt as to the ultimate collectibility of a portion of principal or interest, or when payment is contractually past due 90 days. Impaired loans may revert to accrual status only when principal and interest payments have become fully current again.

Dividends are recorded as income when received.

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL
ENTERPRISE NEWFOUNDLAND AND LABRADOR CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

2. Due from Labrador Stores Inc.

Due from Labrador Stores Inc. consists of the following:

	<u>1999</u>	<u>1998</u>
Loan receivable	\$500,000	\$500,000
Interest receivable	<u>104,785</u>	<u>156,295</u>
	604,785	656,295
Less allowance for doubtful accounts	<u>500,000</u>	<u>560,968</u>
	<u>\$104,785</u>	<u>\$ 95,327</u>

The allowance for the decline in value of loans receivable and equity investments consists of the following:

	<u>1999</u>	<u>1998</u>
Balance, beginning of year	\$560,968	\$636,072
Provision for loss	<u>(60,968)</u>	<u>(75,104)</u>
Balance, end of year	<u>\$500,000</u>	<u>\$560,968</u>

During the year ended 31 March 1996 Labrador Stores Inc. ceased operations. However, the proceeds from the sale could not be applied against the loan receivable due to possible contingencies on account of severance pay required for its former employees. This issue was still outstanding during 1998-99 and, therefore, \$100,000 of the proceeds has not been applied to the loan until the severance pay issue is resolved. Approval will then be sought to write off the balance and legal dissolution of the company will be initiated.

Amounts advanced to Labrador Stores Inc. have been written down to their net realizable value.

-3. Loans and equity investments

The determination of whether a loan is impaired and the appropriate carrying value of equity investments, involves significant judgement. The estimation of an appropriate allowance for doubtful accounts and decline in value of equity investments necessarily involves the use of estimates. These financial statements represent management's best estimates based on available information.

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL
ENTERPRISE NEWFOUNDLAND AND LABRADOR CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

3. Loans and equity investments (Cont'd)

Loans and equity investments consist of the following:

	<u>1999</u>	<u>1998</u>
Loans receivable		
Principal due and unpaid	\$ 15,009,448	\$ 14,718,059
Principal not yet due	42,856,890	42,897,045
Interest due and unpaid	<u>990,465</u>	<u>787,674</u>
	58,856,803	58,402,778
Less allowance for decline in value	<u>(43,546,878)</u>	<u>(39,071,010)</u>
	<u>15,309,925</u>	<u>19,331,768</u>
Equity investments		
Equity investments, at cost	19,023,623	17,936,029
Less allowance for decline in value	<u>(19,023,623)</u>	<u>(13,154,142)</u>
	<u>-</u>	<u>4,781,887</u>
Special Reserve Fund (Note 6)		
Principal due and unpaid	-	653,653
Less allowance for decline in value	<u>-</u>	<u>(653,653)</u>
	<u>-</u>	<u>-</u>
Loans and equity investments	<u>\$ 15,309,925</u>	<u>\$ 24,113,655</u>

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL
ENTERPRISE NEWFOUNDLAND AND LABRADOR CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

3. Loans and equity investments (Cont'd)

The allowance for the decline in value of loans receivable and equity investments consists of the following:

	<u>1999</u>	<u>1998</u>
Balance, beginning of year	\$52,878,805	\$46,816,079
Principal written off, Special Reserve Fund	(653,653)	-
Principal written off, net of recoveries	(2,362,113)	(840,146)
Interest written off, net of recoveries	(2,231,985)	(327,809)
Interest adjustment	3,306,445	-
Loan guarantee adjustment	670,188	-
Provision for loss	<u>10,962,814</u>	<u>7,230,681</u>
Balance, end of year	<u>\$62,570,501</u>	<u>\$52,878,805</u>

The allowance for decline in value has been reduced by write-offs approved by the Corporation and is subject to final approval by the Lieutenant-Governor in Council, in accordance with Section 17 of the Financial Administration Act.

Of the principal amounts written off by the Corporation, approximately \$18,715,912 (1998 - \$15,700,146) relating to loan and equity investments has yet to receive final approval from the Lieutenant-Governor in Council.

The Corporation is required to remit all payments it receives on its loan and equity investments net of security costs and bond interest expense to the Province.

4. Loan commitments

The Corporation has outstanding commitments in respect of approved but not yet disbursed loans and/or equity investments in the amount of \$2,822,130 (1998- \$3,844,252). Funding sources for these commitments are cash on hand. In addition to these loan commitments the Corporation has outstanding loan guarantees of \$1,430,000 (1998 - \$2,845,000). A provision for payouts on these guarantees has been recorded at \$700,000 (1998 - \$1,695,000).

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL
ENTERPRISE NEWFOUNDLAND AND LABRADOR CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

5. Contributed capital

The Corporation receives capital contributions from the Province for the purpose of making loan and equity investments. The Corporation depends on these capital contributions to carry out its mandate.

The account is reduced by the principal portion of loans collected, the principal portion of loans written off, and by contributions which the Corporation disburses as grants under its Company Development Program.

6. Forgivable investments

A sum of \$10 million from savings realized by Government in the 1996-97 fiscal year was transferred to the Corporation and segregated as the Special Reserve Fund. In 1998-1999, an additional \$1,975,000 was approved and set up as a grant receivable as at 31 March 1999 to bring the total funding for this Fund at \$11,975,000. This funding is over and above normal annual allocations to the Corporation and is intended to strengthen the Department's overall small business development efforts over the short term. As at 31 March 1999, \$6.3 million of these funds had been disbursed as forgivable investments, \$55,188 as a repayable loan and \$34,040 as a grant. The remaining \$5,585,772 has been committed for future fiscal years.

Of the \$6.3 million in forgivable investments, \$329,358 had been forgiven, \$5,316,989 was still unearned by the recipients and may be refundable to the Corporation if the recipients fail to meet the terms of the forgivable investment, and \$653,653 had been recorded as loans receivable because the recipient defaulted on the terms of the forgivable loan. During 1998-1999, this loan was written off. In addition, a \$4.5 million investment in one company at 31 March 1999 was transferred to the Department of Finance and reported on the Province's Schedule of Investments.

7. Accounts receivable-SRDA

During 1997-98 and 1998-99, a \$1,106,276 non-interest bearing interim loan was provided to the Newfoundland and Labrador Snowmobile Federation. During 1998-99, \$119,011 was repaid. The balance outstanding as at 31 March 1999 will be recovered from Federal funds provided under the Strategic Regional Diversification Agreement.

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL
ENTERPRISE NEWFOUNDLAND AND LABRADOR CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

8. Related party transactions

The Corporation was administered throughout the year as a division of the Department of Development and Rural Renewal. Expenses related to salaries, accommodations and administration are paid directly by the Department and no provision is made in these financial statements to reflect those expenditures.

The account receivable of \$403,417 as at 31 March 1999 is the net of an account receivable from the Fisheries Loan Board of Newfoundland and an account payable to the Farm Development Loan Board of Newfoundland, both related parties.

9. Economic dependence

As a result of the Corporation's reliance on Provincial funding, the Corporation's ability to continue viable operations is dependent upon the decisions of the Province.

10. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

11. Financial instruments

The Corporation's financial instruments recognized in the Balance Sheet consist of cash, accounts receivable and loans and equity investments. The carrying value of cash and accounts receivable approximate fair value due to the short-term maturity or current market rate associated with these instruments. The carrying value of loans and equity investments approximate discounted value of expected future loan/investment payments due to the long term nature and risk associated with these instruments.

12. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

**DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL
ENTERPRISE NEWFOUNDLAND AND LABRADOR CORPORATION
FINANCIAL STATEMENTS
31 MARCH 2000**



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Deputy Minister
Department of Development
and Rural Renewal
St. John's, Newfoundland

I have audited the balance sheet of Enterprise Newfoundland and Labrador Corporation as at 31 March 2000 and the statements of equity, revenue and expenditure, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Elizabeth Marshall

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
21 July 2000

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL
ENTERPRISE NEWFOUNDLAND AND LABRADOR CORPORATION

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31 MARCH 2000

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DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL
ENTERPRISE NEWFOUNDLAND AND LABRADOR CORPORATION

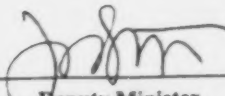
BALANCE SHEET

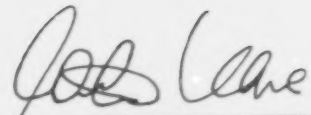
31 MARCH 2000

	<u>2000</u>	<u>1999</u>
ASSETS		
Cash	\$ 1,752,742	\$ 4,861,055
Account receivable (Note 9)	326,901	403,417
Operating grant receivable (Note 8)	2,037,813	1,975,000
Due from Labrador Stores Inc. (Note 2)	104,674	104,785
Loans and equity investments (Note 3)	12,074,440	15,309,925
Accounts receivable - SRDA (Note 7)	15,920	987,265
Investment in Labrador Stores Inc.	<u>1</u>	<u>1</u>
	<u>\$16,312,491</u>	<u>\$23,641,448</u>
LIABILITIES AND EQUITY		
Allowance for loan guarantees (Note 4)	\$ 300,000	\$ 700,000
Non-refundable deposits	<u>33,016</u>	<u>33,016</u>
	333,016	733,016
Equity	<u>15,979,475</u>	<u>22,908,432</u>
	<u>\$16,312,491</u>	<u>\$23,641,448</u>

See accompanying notes

Signed on behalf of the Board:


 Deputy Minister


 Director of Portfolio Management

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL
ENTERPRISE NEWFOUNDLAND AND LABRADOR CORPORATION

STATEMENT OF EQUITY

FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u>	<u>1999</u>
Contributed Capital (Note 5)		
Balance, beginning of year	\$ 84,341,212	\$ 88,695,652
Capital contributions from the Federal Government	537,813	-
Capital contributions from the Province of Newfoundland	5,572,000	8,975,000
Principal paid to the Province of Newfoundland	(4,253,796)	(5,131,329)
Investment transferred to the Department of Finance (Note 6)	(5,000,000)	(4,500,000)
Contributions disbursed as grants	(271,391)	(682,345)
Principal written off net of recoveries (Note 3)	<u>(1,551,239)</u>	<u>(3,015,766)</u>
Balance, end of year	<u>79,374,599</u>	<u>84,341,212</u>
Deficit		
Balance, beginning of year	(61,432,780)	(52,859,223)
Investment income paid to the Province of Newfoundland	(1,686,661)	(2,342,024)
Excess of expenditure over revenue	(1,826,922)	(9,247,299)
Principal written off net of recoveries (Note 3)	<u>1,551,239</u>	<u>3,015,766</u>
Balance, end of year	<u>(63,395,124)</u>	<u>(61,432,780)</u>
Equity, end of year	<u>\$ 15,979,475</u>	<u>\$ 22,908,432</u>

See accompanying notes

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL
ENTERPRISE NEWFOUNDLAND AND LABRADOR CORPORATION

STATEMENT OF REVENUE AND EXPENDITURE

FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u>	<u>1999</u>
REVENUE		
Interest on loans	\$ 767,164	\$ 520,665
Investment income	172,356	438,793
Dividend income	<u>68,806</u>	<u>404,317</u>
	<u>1,008,326</u>	<u>1,363,775</u>
 EXPENDITURE		
Forgivable loans (recovery)	(9,976)	34,040
Provision (recovery) for loss on loan guarantees	300,000	(324,812)
Miscellaneous expense	586	-
Provision for decline in value of loans receivable and equity investments	<u>2,544,638</u>	<u>10,901,846</u>
	<u>2,835,248</u>	<u>10,611,074</u>
Excess of expenditure over revenue	<u>\$(1,826,922)</u>	<u>\$(9,247,299)</u>

See accompanying notes

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL
ENTERPRISE NEWFOUNDLAND AND LABRADOR CORPORATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u>	<u>1999</u>
Cash provided by (used in):		
Operating Activities		
Excess of expenditure over revenue	\$ (1,826,922)	\$ (9,247,299)
Add non-cash items		
Provision for decline in value of loans receivable and equity investments	2,544,638	10,901,846
Provision (recovery) for loss on loan guarantees	<u>300,000</u>	<u>(324,812)</u>
	1,017,716	1,329,735
Changes in other operating items:		
Accounts receivable	76,516	(95,777)
Operating grant receivable	(62,813)	1,025,000
Investment income paid to the Province of Newfoundland	<u>(1,686,661)</u>	<u>(2,342,024)</u>
	<u>(655,242)</u>	<u>(83,066)</u>
Financing Activities		
Capital contributions from the Federal Government	537,813	-
Capital contributions from the Province of Newfoundland	5,572,000	8,975,000
Principal paid to the Province of Newfoundland	(4,253,796)	(5,131,329)
Contributions disbursed as grants	<u>(271,391)</u>	<u>(682,345)</u>
	<u>1,584,626</u>	<u>3,161,326</u>
Investing Activities		
Increase in loans and equity investments	(10,903,649)	(15,149,332)
Collection of loans and equity investments	<u>6,865,952</u>	<u>7,282,085</u>
	<u>(4,037,697)</u>	<u>(7,867,247)</u>
Net decrease in cash	(3,108,313)	(4,788,987)
Cash, beginning of year	<u>4,861,055</u>	<u>9,650,042</u>
Cash, end of year	<u>\$ 1,752,742</u>	<u>\$ 4,861,055</u>

See accompanying notes

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL
ENTERPRISE NEWFOUNDLAND AND LABRADOR CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

Authority

Enterprise Newfoundland and Labrador Corporation (the Corporation) was established under the authority of the *Enterprise Newfoundland and Labrador Corporation Act*. The Corporation is funded by the Province of Newfoundland (the Province) and was established for the following purposes:

- Promoting the values of an enterprise culture and encouraging self-reliance throughout the Province;
- Promoting, especially, small and medium-sized enterprises;
- Promoting and assisting in the integration of local economic development and the work of educational institutions; and,
- Developing and implementing programs to provide persons with the information, advice and assistance, both financial and other, needed to facilitate the development of small and medium-sized enterprises.

Effective 14 March 1996, the functions and staff of Enterprise Newfoundland and Labrador Corporation were transferred to the Department of Development and Rural Renewal. Legislated changes to repeal the Board as a separate entity were assented to on 15 December 1998; however, as of 21 July 2000, this legislation has not been proclaimed and therefore, is not in force.

As at 1 April 2000, the Strategic Enterprise Development Fund was repositioned so that resources were made available to support new initiatives. A \$2 million seed capital equity program, a \$500,000 business and marketing development program, and a venture capital tax credit program were established. The Corporation, except for committed funds as at 31 March 2000, will no longer provide loan financing under the Fund.

1. Significant accounting policies

The Corporation prepares its financial statements in accordance with generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Loans receivable

The Corporation records loans receivable at cost. When loans are identified as impaired, the Corporation records an allowance to reduce their carrying values to their estimated realizable amounts. Estimated realizable amounts are measured at discounted cash flows when the cash flows can be estimated with reasonable reliability, or alternatively, at the estimated net realizable value of the underlying security.

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL
ENTERPRISE NEWFOUNDLAND AND LABRADOR CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

1. Significant accounting policies (Cont'd)

(b) Equity investments

The Corporation records equity investments at cost. In certain circumstances, the Corporation may have acquired the right to appoint representatives to an equity investee's board of directors or it may have a significant influence on the strategic operating, investing and financing policies of the investee. However, because of the nature of the Corporation's investment process and the manner in which these positions were acquired, such control or significant influence may not in fact be exercised or the Corporation may not intend to maintain such positions. Accordingly the accounts of the investee companies in which the Corporation holds greater than 20 percent of the voting rights are accounted for on the cost basis.

Provision is made by the Corporation for any decline in the value of investee companies which is considered to be other than temporary.

(c) Revenue recognition

Interest income is accounted for on the accrual basis for all loans other than impaired loans. Recognition of interest in accordance with the terms of the original loan agreement ceases when a loan becomes impaired. A loan is classified as impaired when, in the opinion of management, there is reasonable doubt as to the ultimate collectibility of a portion of principal or interest, or when payment is contractually past due 90 days. Impaired loans may revert to accrual status only when principal and interest payments have become fully current again.

Dividends are recorded as income when received.

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL
ENTERPRISE NEWFOUNDLAND AND LABRADOR CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

2. Due from Labrador Stores Inc.

Due from Labrador Stores Inc. consists of the following:

	<u>2000</u>	<u>1999</u>
Loan receivable	\$500,000	\$500,000
Interest receivable	<u>104,674</u>	<u>104,785</u>
	604,674	604,785
Less allowance for doubtful accounts	<u>500,000</u>	<u>500,000</u>
	<u>\$104,674</u>	<u>\$104,785</u>

The allowance for the decline in value of loans receivable and equity investments consists of the following:

	<u>2000</u>	<u>1999</u>
Balance, beginning of year	\$500,000	\$560,968
Provision for loss	<u>-</u>	<u>(60,968)</u>
Balance, end of year	<u>\$500,000</u>	<u>\$500,000</u>

During the year ended 31 March 1996 Labrador Stores Inc. ceased operations. However, the proceeds from the sale could not be applied against the loan receivable due to possible contingencies on account of severance pay required for its former employees. In April 2000, the Corporation received \$100,000 from monies held in trust. As of 28 April 2000, Labrador Stores Inc. had \$4,674 in its trust account. Approval will be sought to write off the balance and legal dissolution of the company will be initiated once all remaining funds have been received.

Amounts advanced to Labrador Stores Inc. have been written down to their net realizable value.

3. Loans and equity investments

The determination of whether a loan is impaired and the appropriate carrying value of equity investments, involves significant judgement. The estimation of an appropriate allowance for doubtful accounts and decline in value of equity investments necessarily involves the use of estimates. These financial statements represent management's best estimates based on available information.

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL
ENTERPRISE NEWFOUNDLAND AND LABRADOR CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

3. Loans and equity investments (Cont'd)

Loans and equity investments consist of the following:

	<u>2000</u>	<u>1999</u>
Loans receivable		
Principal due and unpaid	\$ 17,091,855	\$ 15,009,448
Principal not yet due	38,750,612	42,856,890
Interest due and unpaid	<u>1,348,268</u>	<u>990,465</u>
	57,190,735	58,856,803
Less allowance for decline in value	<u>(45,116,295)</u>	<u>(43,546,878)</u>
	<u>12,074,440</u>	<u>15,309,925</u>
Equity investments		
Equity investments, at cost	20,392,190	19,023,623
Less allowance for decline in value	<u>(20,392,190)</u>	<u>(19,023,623)</u>
	-	-
Loans and equity investments	<u>\$ 12,074,440</u>	<u>\$ 15,309,925</u>

The allowance for the decline in value of loans receivable and equity investments consists of the following:

	<u>2000</u>	<u>1999</u>
Balance, beginning of year	\$62,570,501	\$52,878,805
Principal written off, Special Reserve Fund	-	(653,653)
Principal written off, net of recoveries	(1,551,239)	(2,362,113)
Interest written off, net of recoveries	(613,223)	(2,231,985)
Interest adjustment	1,857,808	3,306,445
Loan guarantee adjustment	700,000	670,188
Provision for loss	<u>2,544,638</u>	<u>10,962,814</u>
Balance, end of year	<u>\$65,508,485</u>	<u>\$62,570,501</u>

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL
ENTERPRISE NEWFOUNDLAND AND LABRADOR CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

3. Loans and equity investments (Cont'd)

The allowance for decline in value has been reduced by write-offs approved by the Corporation and is subject to final approval by the Lieutenant-Governor in Council, in accordance with Section 17 of the Financial Administration Act.

Of the principal amounts written off by the Corporation, approximately \$20,267,151 (1999 - \$18,715,912) relating to loan and equity investments has yet to receive final approval from the Lieutenant-Governor in Council.

The Corporation is required to remit all payments it receives on its loan and equity investments net of security costs to the Province.

4. Loan commitments

The Corporation has outstanding commitments in respect of approved but not yet disbursed loans and/or equity investments in the amount of \$3,776,082 (1999- \$2,822,130). Funding sources for these commitments are cash on hand and operating grant receivable. In addition to these loan commitments the Corporation has outstanding loan guarantees of \$700,000 (1999 - \$1,430,000). A provision for losses on these guarantees has been recorded at \$300,000 (1999 - \$700,000).

5. Contributed capital

The Corporation receives capital contributions from the Province and the Federal Government for the purpose of making loans and equity investments. The Corporation depends on these capital contributions to carry out its mandate.

The account is reduced by the principal portion of loans collected, the principal portion of loans written off or transferred to the Department of Finance, and by contributions which the Corporation disburses as grants under its Company Development Program.

6. Forgivable investments

In the 1996-97 fiscal year Government invested \$10 million in the Strategic Enterprise Development Fund. In 1999-2000, an additional \$1,975,000 was provided bringing the total funding for this Special Reserve Fund to \$11,975,000. This funding is over and above normal annual allocations to the Strategic Enterprise Development Fund and was intended to strengthen the Department's overall small business development efforts over the short term. As at 31 March 2000, \$11.3 million of these funds had been disbursed as forgivable investments, \$55,188 was provided as a repayable loan and \$24,064 was paid as a grant. Of the remaining \$595,748, \$525,000 has been committed for future fiscal years.

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL
ENTERPRISE NEWFOUNDLAND AND LABRADOR CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

6. Forgivable investments (Cont'd)

Of the \$11.3 million in forgivable investments, \$9.5 million (\$5.0 million in 1999-2000, \$4.5 million in 1998-99) was transferred to the Department of Finance, \$539,692 had been forgiven, \$606,745 was still unearned by the recipient and may be refundable to the Corporation if the recipient fails to meet the terms of the forgivable loan, and \$653,563 had been recorded as loans receivable and subsequently written off because the recipient defaulted on the terms of the forgivable loan.

7. Accounts receivable-SRDA

During 1997-98 and 1998-99, a \$1,106,276 non-interest bearing interim loan was provided to the Newfoundland and Labrador Snowmobile Federation. During 1998-99 and 1999-00, \$119,011 and \$971,345 respectively was repaid. The balance outstanding, \$15,920, as at 31 March 2000 will be recovered from Federal funds provided under the Strategic Regional Diversification Agreement.

8. Operating grant receivable

As at 31 March 2000, the Corporation was owed \$1,500,000 (1999-\$1,975,000) from the Province of Newfoundland as capital contributions. \$500,000 of this amount is being held in trust to support the Random Passage Telefilm Project. This trust money, if not required, will be remitted back to the Province. In April 2000, the Corporation received the \$1,500,000 owing.

As at 31 March 2000, the Corporation was owed \$537,813 from the Federal Government relating to the Shellfish Aquaculture Working Capital Fund (AWCF). The \$537,813 is comprised of \$337,813 in disbursements and a \$200,000 advance on the Fund. The AWCF, established in June 1998, is administered by the Department and reported through ENL. The program is funded by a contribution of \$3 million from the Canada-Newfoundland Agreement on Economic Renewal and \$2 million from the Strategic Regional Diversification Agreement. The term of the AWCF is 1 April 1998 to 31 March 2001. In May 2000, the Corporation received the \$537,813 owing.

9. Related party transactions

The Corporation was administered throughout the year as a division of the Department of Development and Rural Renewal. Expenses related to salaries, accommodations and administration are paid directly by the Department and no provision is made in these financial statements to reflect those expenditures.

The account receivable of \$326,901 (1999 - \$403,417) is the net of an account receivable from the Fisheries Loan Board of Newfoundland and an account payable to the Farm Development Loan Board of Newfoundland, both related parties.

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL
ENTERPRISE NEWFOUNDLAND AND LABRADOR CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

10. Economic dependence

As a result of the Corporation's reliance on Provincial funding, the Corporation's ability to continue viable operations is dependent upon the decisions of the Province.

11. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

12. Financial instruments

The Corporation's financial instruments recognized in the Balance Sheet consist of cash, accounts receivable and loans and equity investments. The carrying value of cash and accounts receivable approximate fair value due to the short-term maturity or current market rate associated with these instruments. The carrying value of loans and equity investments approximate discounted value of expected future loan/investment payments due to the long-term nature and risk associated with these instruments.

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL

FARM DEVELOPMENT LOAN BOARD

FARM DEVELOPMENT LOAN FUND

FINANCIAL STATEMENTS

31 MARCH 1999



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Deputy Minister
Department of Development
and Rural Renewal
St. John's, Newfoundland

I have audited the balance sheet of the Farm Development Loan Board, Farm Development Loan Fund as at 31 March 1999 and the statements of equity, revenue and expenditure, and changes in financial position for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at 31 March 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Elizabeth Marshall

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
2 February 2000

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL

FARM DEVELOPMENT LOAN BOARD

FARM DEVELOPMENT LOAN FUND

INDEX TO FINANCIAL STATEMENTS

31 MARCH 1999

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DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL

FARM DEVELOPMENT LOAN BOARD

FARM DEVELOPMENT LOAN FUND

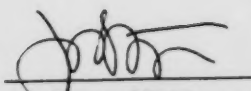
BALANCE SHEET

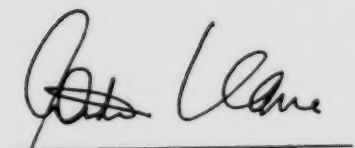
31 MARCH 1999

	<u>1999</u>	<u>1998</u>
ASSETS		
Cash	\$ 145,509	\$ 138,946
Loans receivable (Note 2)	2,395,498	4,254,945
Insurance premiums receivable	19,164	9,913
Due from Enterprise Newfoundland and Labrador Corporation	<u>84,909</u>	<u>-</u>
	<u>\$2,645,080</u>	<u>\$4,403,804</u>
LIABILITIES AND EQUITY		
Due to Enterprise Newfoundland and Labrador Corporation	\$ -	\$ 56,949
Insurance premiums payable	<u>2,235</u>	<u>2,235</u>
	2,235	59,184
Equity	<u>2,642,845</u>	<u>4,344,620</u>
	<u>\$2,645,080</u>	<u>\$4,403,804</u>

See accompanying notes

Signed on behalf of the Board:


 Deputy Minister


 Director of Portfolio Management

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL

FARM DEVELOPMENT LOAN BOARD

FARM DEVELOPMENT LOAN FUND

STATEMENT OF EQUITY

FOR THE YEAR ENDED 31 MARCH 1999

	<u>1999</u>	<u>1998</u>
Contributed capital (Note 4)		
Balance, beginning of year	\$ 8,613,104	\$10,328,968
Principal paid to the Province	(664,731)	(1,606,500)
Principal written off	<u>(30,629)</u>	<u>(109,364)</u>
Balance, end of year	<u>7,917,744</u>	<u>8,613,104</u>
Deficit (Note 5)		
Balance, beginning of year	(4,268,484)	(2,903,336)
Excess of expenditure over revenue	(850,604)	(1,073,236)
Insurance commissions remitted to Province	-	(694)
Investment income remitted to Province	-	(13,607)
Interest remitted to Province	(186,440)	(386,975)
Principal written off	<u>30,629</u>	<u>109,364</u>
Balance, end of year	<u>(5,274,899)</u>	<u>(4,268,484)</u>
Equity, end of year	<u>\$ 2,642,845</u>	<u>\$ 4,344,620</u>

See accompanying notes

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL

FARM DEVELOPMENT LOAN BOARD

FARM DEVELOPMENT LOAN FUND

STATEMENT OF REVENUE AND EXPENDITURE

FOR THE YEAR ENDED 31 MARCH 1999

	<u>1999</u>	<u>1998</u>
REVENUE		
Interest on loans (Note 6)	\$ 402,870	\$ 497,201
Investment income	6,337	5,040
Insurance commissions	<u>-</u>	<u>2,105</u>
	<u>409,207</u>	<u>504,346</u>
EXPENDITURE		
Bad debt expense	1,259,746	1,577,527
Miscellaneous expenses	<u>65</u>	<u>55</u>
	<u>1,259,811</u>	<u>1,577,582</u>
Excess of expenditure over revenue	<u>\$ (850,604)</u>	<u>\$(1,073,236)</u>

See accompanying notes

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL

FARM DEVELOPMENT LOAN BOARD

FARM DEVELOPMENT LOAN FUND

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 1999

	<u>1999</u>	<u>1998</u>
Cash provided by (used in):		
Operating activities		
Excess of expenditure over revenue	\$ (850,604)	\$(1,073,236)
Add (deduct) non-cash items		
Bad debt expense	1,259,746	1,577,527
Interest accrued on loans and not received	(193,275)	(197,059)
Interest remitted to Province	(186,440)	(386,975)
Interest refunds	(1,896)	(44,949)
Expenditures by Enterprise Newfoundland and Labrador Corporation pertaining to farm accounts	<u>(141,858)</u>	<u>56,949</u>
	<u>(114,327)</u>	<u>(67,743)</u>
Financing activities		
Principal paid to Province	<u>(664,731)</u>	<u>(1,606,500)</u>
Investing activities		
Life insurance premium proceeds	(9,251)	3,753
Insurance commissions remitted to Province	-	(694)
Investment income remitted to Province	-	(13,607)
Life insurance payments	(9,531)	(6,808)
Loan repayments	810,828	1,250,695
Loan advances	-	(800)
Loan refunds	<u>(6,425)</u>	<u>(18,625)</u>
	<u>785,621</u>	<u>1,213,914</u>
Increase (Decrease) in cash	6,563	(460,329)
Cash, beginning of year	<u>138,946</u>	<u>599,275</u>
Cash, end of year	<u>\$ 145,509</u>	<u>\$ 138,946</u>

See accompanying notes

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL

FARM DEVELOPMENT LOAN BOARD

FARM DEVELOPMENT LOAN FUND

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

Authority

The Farm Development Loan Board (the Board) was established under the authority of the *Farm Development Loan Act*. The Board was established to improve and develop the agricultural industry of the Province by making loans or advances to eligible individuals or organizations.

Effective 14 March 1996, the functions and staff of the Farm Development Loan Board were transferred to the Department of Development and Rural Renewal. Legislated changes to repeal the Board as a separate entity were assented to on 15 December 1998; however, as of 31 January 2000, this legislation has not been proclaimed and therefore, is not in force.

1. Significant accounting policies

These financial statements have been prepared by the Board in accordance with generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Loans receivable

The Board records loans receivable at cost. Once loans are identified as impaired, an allowance is recorded reducing the carrying amounts of the loans to their estimated realizable value. Estimated realizable value is determined by a percentage formula based on years in arrears.

(b) Interest forgiveness

Interest forgiveness is recorded as a reduction in interest on loans.

2. Loans receivable

	<u>1999</u>	<u>1998</u>
Principal due and unpaid	\$ 3,927,386	\$ 3,955,901
Interest due and unpaid	1,215,936	1,037,607
Principal not yet due	<u>3,728,893</u>	<u>4,533,357</u>
	8,872,215	9,526,865
Less: allowance for impaired loans (Note 3)	<u>(6,476,717)</u>	<u>(5,271,920)</u>
	<u>\$ 2,395,498</u>	<u>\$ 4,254,945</u>

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL

FARM DEVELOPMENT LOAN BOARD

FARM DEVELOPMENT LOAN FUND

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

2. Loans receivable (Cont.)

There are no more funds being advanced from the Farm Development Loan Fund. All monies now being advanced to farmers are disbursed from the Enterprise Development Fund.

3. Allowance for impaired loans

The allowance for impaired loans represents the Board's best estimate of future probable losses with respect to the loans receivable. The Board recognizes that future economic and farming industry conditions are not predictable and therefore, their impact on the future cash flows anticipated from the loans receivable is uncertain. Consequently, material adjustments to the allowance are possible depending on the impact of these future events and management's best estimate of them.

4. Contributed capital

This account is comprised of the accumulated advances from the Province since the Board was founded in 1953, reduced by the principal portion of loans received and paid to the Province and the principal portion of loans written off.

5. Deficit

This account is comprised of accumulated excess of expenditure over revenue since the Board was founded in 1953, increased by investment income, insurance premiums and interest, all of which were collected and paid to the Province, and reduced by the principal portion of loans written off.

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL

FARM DEVELOPMENT LOAN BOARD

FARM DEVELOPMENT LOAN FUND

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

6. Waiving, forgiveness or cessation of interest

In exceptional circumstances the Board will approve the waiving, forgiveness or cessation of interest. For the 1999 fiscal year this amounted to \$40,905 (1998-\$158,249) comprised of the following:

	<u>1999</u>	<u>1998</u>
Interest waived:		
Interest waived by the Board	\$16,210	\$ 48,478
Interest waived on Fox Farmers' Capital Expansion loans	<u>375</u>	<u>30,838</u>
	16,585	79,316
Interest forgiven:		
Interest forgiven by the Board	<u>24,320</u>	<u>78,933</u>
	<u>\$40,905</u>	<u>\$158,249</u>

7. Economic dependence

As a result of the Board's reliance on Provincial funding, the Board's ability to continue viable operations is dependent upon the decisions of the Province.

8. Related party transactions

The Board was administered during the year as a division of the Department of Development and Rural Renewal. Expenses related to salaries, accommodations and administration are paid directly by the Department and no provision is made in these financial statements for those expenditures.

9. Income taxes

The Board is a Crown entity of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL

FARM DEVELOPMENT LOAN BOARD

FARM DEVELOPMENT LOAN FUND

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31 MARCH 2000



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Deputy Minister
Department of Development
and Rural Renewal
St. John's, Newfoundland

I have audited the balance sheet of the Farm Development Loan Board, Farm Development Loan Fund as at 31 March 2000 and the statements of equity, revenue and expenditure, and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at 31 March 2000 and the results of its operations and the changes in its cash flows for the year then ended in accordance with generally accepted accounting principles.

Elizabeth Marshall

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
25 July 2000

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL

FARM DEVELOPMENT LOAN BOARD

FARM DEVELOPMENT LOAN FUND

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DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL

FARM DEVELOPMENT LOAN BOARD

FARM DEVELOPMENT LOAN FUND

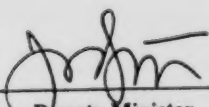
BALANCE SHEET

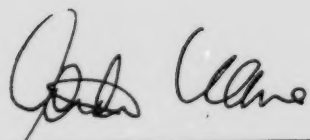
31 MARCH 2000

	<u>2000</u>	<u>1999</u>
ASSETS		
Cash	\$ 2,263	\$ 145,509
Loans receivable (Note 2)	1,909,033	2,395,498
Insurance premiums receivable	18,437	19,164
Due from Enterprise Newfoundland and Labrador Corporation	<u>123,163</u>	<u>84,909</u>
	<u>\$2,052,896</u>	<u>\$2,645,080</u>
LIABILITIES AND EQUITY		
Insurance premiums payable	\$ 2,235	\$ 2,235
Equity	<u>2,050,661</u>	<u>2,642,845</u>
	<u>\$2,052,896</u>	<u>\$2,645,080</u>

See accompanying notes

Signed on behalf of the Board:


 Deputy Minister


 Director of Portfolio Management

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL

FARM DEVELOPMENT LOAN BOARD

FARM DEVELOPMENT LOAN FUND

STATEMENT OF EQUITY

FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u>	<u>1999</u>
Contributed capital (Note 4)		
Balance, beginning of year	\$ 7,917,744	\$8,613,104
Principal paid to the Province	(539,712)	(664,731)
Principal written off	<u>(59,947)</u>	<u>(30,629)</u>
Balance, end of year	<u>7,318,085</u>	<u>7,917,744</u>
Deficit (Note 5)		
Balance, beginning of year	(5,274,899)	(4,268,484)
Excess of revenue over expenditure (expenditure over revenue)	233,092	(850,604)
Insurance premiums	(4,551)	-
Interest remitted to Province	(281,013)	(186,440)
Principal written off	<u>59,947</u>	<u>30,629</u>
Balance, end of year	<u>(5,267,424)</u>	<u>(5,274,899)</u>
Equity, end of year	<u>\$ 2,050,661</u>	<u>\$2,642,845</u>

See accompanying notes

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL

FARM DEVELOPMENT LOAN BOARD

FARM DEVELOPMENT LOAN FUND

STATEMENT OF REVENUE AND EXPENDITURE

FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u>	<u>1999</u>
REVENUE		
Interest on loans	\$ 378,514	\$ 402,870
Investment income	<u>6,681</u>	<u>6,337</u>
	<u>385,195</u>	<u>409,207</u>
EXPENDITURE		
Bad debt expense	152,046	1,259,746
Miscellaneous expenses	<u>57</u>	<u>65</u>
	<u>152,103</u>	<u>1,259,811</u>
Excess of revenue over expenditure (expenditure over revenue)	<u>\$ 233,092</u>	<u>\$ (850,604)</u>

See accompanying notes

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL

FARM DEVELOPMENT LOAN BOARD

FARM DEVELOPMENT LOAN FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u>	<u>1999</u>
Cash provided by (used in):		
Operating activities		
Excess of revenue over expenditure (expenditure over revenue)	\$ 233,092	\$ (850,604)
Add (deduct) non-cash items		
Bad debts	152,046	1,259,746
Interest accrued on loans and not received	(225,587)	(193,275)
Interest remitted to Province	(281,013)	(186,440)
Interest refunds	(5,376)	(1,896)
Expenditures by Enterprise Newfoundland and Labrador Corporation pertaining to farm accounts	<u>(38,254)</u>	<u>(141,858)</u>
	<u>(165,092)</u>	<u>(114,327)</u>
Financing activities		
Principal paid to Province	<u>(539,712)</u>	<u>(664,731)</u>
Investing activities		
Life insurance premium proceeds	(761)	(9,251)
Life insurance payments	(4,565)	(9,531)
Loan repayments	567,822	810,828
Loan refunds	<u>(938)</u>	<u>(6,425)</u>
	<u>561,558</u>	<u>785,621</u>
Increase (Decrease) in cash	(143,246)	6,563
Cash, beginning of year	<u>145,509</u>	<u>138,946</u>
Cash, end of year	<u><u>\$ 2,263</u></u>	<u><u>\$ 145,509</u></u>

See accompanying notes

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL

FARM DEVELOPMENT LOAN BOARD

FARM DEVELOPMENT LOAN FUND

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

Authority

The Farm Development Loan Board (the Board) was established under the authority of the *Farm Development Loan Act*. The Board was established to improve and develop the agricultural industry of the Province by making loans or advances to eligible individuals or organizations.

Effective 14 March 1996, the functions and staff of the Farm Development Loan Board were transferred to the Department of Development and Rural Renewal. Legislated changes to repeal the Board as a separate entity were assented to on 15 December 1998; however, as of 25 July 2000, this legislation has not been proclaimed and therefore, is not in force.

1. Significant accounting policies

These financial statements have been prepared by the Board in accordance with generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Loans receivable

The Board records loans receivable at cost. Once loans are identified as impaired, an allowance is recorded reducing the carrying amounts of the loans to their estimated realizable value. Estimated realizable value is determined on a loan by loan basis using estimated future discounted cash flows.

(b) Interest forgiveness

Interest forgiveness is recorded as a reduction in interest on loans.

2. Loans receivable

	<u>2000</u>	<u>1999</u>
Principal due and unpaid	\$ 4,064,519	\$ 3,927,386
Interest due and unpaid	1,381,759	1,215,936
Principal not yet due	<u>2,971,302</u>	<u>3,728,893</u>
	8,417,580	8,872,215
Less: allowance for impaired loans (Note 3)	<u>(6,508,547)</u>	<u>(6,476,717)</u>
	<u>\$ 1,909,033</u>	<u>\$ 2,395,498</u>

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL

FARM DEVELOPMENT LOAN BOARD

FARM DEVELOPMENT LOAN FUND

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

2. Loans receivable (Cont.)

There are no more funds being advanced from the Farm Development Loan Fund. All monies now being advanced to farmers are disbursed from the Enterprise Development Fund.

3. Allowance for impaired loans

The allowance for impaired loans represents the Board's best estimate of future probable losses with respect to the loans receivable. The Board recognizes that future economic and farming industry conditions are not predictable and therefore, their impact on the future cash flows anticipated from the loans receivable is uncertain. Consequently, material adjustments to the allowance are possible depending on the impact of these future events and management's best estimate of them.

4. Contributed capital

This account is comprised of the accumulated advances from the Province since the Board was founded in 1953, reduced by the principal portion of loans received and paid to the Province and the principal portion of loans written off.

5. Deficit

This account is comprised of accumulated excess of expenditure over revenue since the Board was founded in 1953, increased by investment income, insurance premiums and interest, all of which were collected and paid to the Province, and reduced by the principal portion of loans written off.

6. Economic dependence

As a result of the Board's reliance on Provincial funding, the Board's ability to continue viable operations is dependent upon the decisions of the Province.

7. Related party transactions

The Board was administered during the year as a division of the Department of Development and Rural Renewal. Expenses related to salaries, accommodations and administration are paid directly by the Department and no provision is made in these financial statements for those expenditures.

8. Income taxes

The Board is a Crown entity of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL

FISHERIES LOAN BOARD OF NEWFOUNDLAND

FISHERIES LOAN FUND

FINANCIAL STATEMENTS

31 MARCH 1999



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Deputy Minister
Department of Development
and Rural Renewal
St. John's, Newfoundland

I have audited the balance sheet of the Fisheries Loan Board of Newfoundland, Fisheries Loan Fund as at 31 March 1999 and the statements of equity, revenue and expenditure, and changes in financial position for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at 31 March 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Elizabeth Marshall

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
4 February 2000

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL

FISHERIES LOAN BOARD OF NEWFOUNDLAND

FISHERIES LOAN FUND

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DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL
FISHERIES LOAN BOARD OF NEWFOUNDLAND

FISHERIES LOAN FUND

BALANCE SHEET

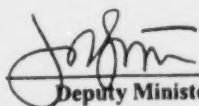
31 MARCH 1999

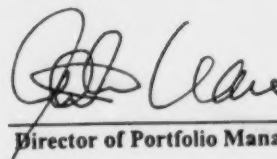
	<u>1999</u>	<u>1998</u>
ASSETS		
Cash	\$ 100	\$ -
Investment income receivable	-	2,938
Loans receivable (Note 2)	3,703,310	6,137,222
Due from Province of Newfoundland (Note 4)	<u>311,320</u>	<u>82,280</u>
	<u>\$4,014,730</u>	<u>\$6,222,440</u>
LIABILITIES AND EQUITY		
Bank indebtedness	\$ -	\$ 2,838
Borrowers' deposits	148,075	88,611
Life insurance premiums	-	914
Due to Enterprise Newfoundland and Labrador Corporation (Note 10)	<u>485,747</u>	<u>257,791</u>
	633,822	350,154
Equity	<u>3,380,908</u>	<u>5,872,286</u>
	<u>\$4,014,730</u>	<u>\$6,222,440</u>

Contingent liabilities (Note 5)

See accompanying notes

Signed on behalf of the Board:


 Deputy Minister


 Director of Portfolio Management

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL
FISHERIES LOAN BOARD OF NEWFOUNDLAND

FISHERIES LOAN FUND

STATEMENT OF EQUITY

FOR THE YEAR ENDED 31 MARCH 1999

	<u>1999</u>	<u>1998</u>
Contributed capital (Note 6)		
Balance, beginning of year	\$ 25,196,451	\$ 29,241,866
Principal paid to the Province of Newfoundland (Note 7)	(3,682,136)	(3,760,418)
Principal written off	<u>(599,711)</u>	<u>(284,997)</u>
Balance, end of year	<u>20,914,604</u>	<u>25,196,451</u>
Deficit (Note 8)		
Balance, beginning of year	(19,324,165)	(20,477,186)
Interest paid to the Province of Newfoundland (Note 7)	(1,344,233)	(1,687,389)
Excess of revenue over expenditure	2,534,991	2,555,413
Principal written off	<u>599,711</u>	<u>284,997</u>
Balance, end of year	<u>(17,533,696)</u>	<u>(19,324,165)</u>
Equity, end of year	<u>\$ 3,380,908</u>	<u>\$ 5,872,286</u>

See accompanying notes

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL

FISHERIES LOAN BOARD OF NEWFOUNDLAND

FISHERIES LOAN FUND

STATEMENT OF REVENUE AND EXPENDITURE

FOR THE YEAR ENDED 31 MARCH 1999

	<u>1999</u>	<u>1998</u>
REVENUE		
Interest on loans (Note 9)	\$ 533,578	\$ 337,860
Investment income	-	23,590
Recovery of impaired loans	<u>2,001,583</u>	<u>2,194,050</u>
	2,535,161	2,555,500
EXPENDITURE		
Miscellaneous expenses	<u>170</u>	<u>87</u>
Excess of revenue over expenditure	<u>\$2,534,991</u>	<u>\$2,555,413</u>

See accompanying notes

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL

FISHERIES LOAN BOARD OF NEWFOUNDLAND

FISHERIES LOAN FUND

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 1999

	<u>1999</u>	<u>1998</u>
Cash provided by (used in):		
Operating activities		
Excess of revenue over expenditure	\$ 2,534,991	\$ 2,555,413
Add (deduct) non-cash items:		
Recovery of impaired loans	(2,001,583)	(2,194,050)
Interest on loans	(533,578)	(337,860)
Change in investment income receivable	2,938	(1,509)
Expenditure by Enterprise Newfoundland and Labrador Corporation pertaining to fisheries accounts	253,257	270,266
Interest received on loans receivable	1,306,408	1,527,397
Interest and investment income paid to the Province of Newfoundland	<u>(1,344,233)</u>	<u>(1,687,389)</u>
	<u>218,200</u>	<u>132,268</u>
Financing activities		
Funding for interest subsidy from the Province of Newfoundland	65,846	133,446
Payments under interest subsidy	(294,886)	(106,407)
Principal paid to the Province of Newfoundland	<u>(3,682,136)</u>	<u>(3,760,418)</u>
	<u>(3,911,176)</u>	<u>(3,733,379)</u>
Investing activities		
Loan advances and repossession expenses	(21,393)	(75,601)
Principal instalments on loans receivable	3,579,457	3,451,193
Marine insurance payments	89,906	5,442
Life Insurance premium payments	(904)	-
Provincial Bounty on loans advanced	<u>48,848</u>	<u>(79,937)</u>
	<u>3,695,914</u>	<u>3,301,097</u>
Decrease in cash	2,938	(300,014)
(Bank indebtedness) cash, beginning of year	<u>(2,838)</u>	<u>297,176</u>
(Bank indebtedness) cash, end of year	<u>\$ 100</u>	<u>\$ (2,838)</u>

See accompanying notes

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL

FISHERIES LOAN BOARD OF NEWFOUNDLAND

FISHERIES LOAN FUND

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

Authority

The Fisheries Loan Board of Newfoundland (the Board) was established under the authority of the *Fisheries Loan Act*. The Board was established to improve and develop the fishing industry of the Province by making loans or advances to persons or organizations engaged in the fishing industry.

Effective 14 March 1996, the functions and staff of the Fisheries Loan Board of Newfoundland were transferred to the Department of Development and Rural Renewal. Legislated changes to repeal the Board as a separate entity were assented to on 15 December 1998; however, as of 4 February 2000, this legislation has not been proclaimed and therefore, is not in force.

As a result of the transfer of the functions of the Board to the Department of Development and Rural Renewal, all fisheries loans approved subsequent to 16 May 1996 were advanced from the Enterprise Development Fund.

These financial statements reflect the operations of the Fisheries Loan Board, Fisheries Loan Fund for the year ended 31 March 1999.

1. Significant accounting policies

These financial statements have been prepared by the Board in accordance with generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Loans receivable

The Board records loans receivable at cost. Once loans are identified as impaired, an allowance is recorded reducing the carrying amounts of the loans to their estimated realizable value. The allowance for impairment is estimated collectively based on an analysis of the loan portfolio in terms of arrears, aging, payment activity and security.

(b) Repossessed accounts

Reposessed accounts are recorded at their estimated net realizable value based on historic recovery rates for reposessed vessels.

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL

FISHERIES LOAN BOARD OF NEWFOUNDLAND

FISHERIES LOAN FUND

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

1. Significant accounting policies (cont.)

(c) Interest on impaired loans

When a loan becomes impaired, interest revenue from that loan ceases to be reported. Upon collection of the arrears balances on impaired loans, recognition of interest revenue is resumed.

2. Loans receivable

	<u>1999</u>	<u>1998</u>
Current		
Principal due within one year	\$ 982,932	\$ 1,566,467
Principal due and unpaid	20,340,073	22,608,574
Interest due and unpaid	4,311,682	5,416,206
Interest accrued	<u>35,025</u>	<u>60,160</u>
	25,669,712	29,651,407
Long-term		
Principal not yet due	<u>1,484,242</u>	<u>2,887,566</u>
	27,153,954	32,538,973
Less: allowance for impaired loans (Note 3)	<u>23,450,644</u>	<u>26,401,751</u>
	<u>\$ 3,703,310</u>	<u>\$ 6,137,222</u>

3. Allowance for impaired loans

	<u>1999</u>	<u>1998</u>
Balance, beginning of year	\$26,401,751	\$29,094,718
Loans written off, net of recoveries	(949,524)	(498,917)
Recovery of impaired loans	<u>(2,001,583)</u>	<u>(2,194,050)</u>
Balance, end of year	<u>\$23,450,644</u>	<u>\$26,401,751</u>

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL

FISHERIES LOAN BOARD OF NEWFOUNDLAND

FISHERIES LOAN FUND

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

The allowance for impairment at 31 March 1999 includes estimates for the following loans:

	<u>Loan Balance</u>	<u>Allowance for Impaired Loans</u>
Boats repossessed and sold or accounts with no security	\$ 9,467,917	\$ 9,467,917
Boats repossessed and not yet sold	685,313	548,250
Loan portfolio upon which a collective allowance has been estimated	<u>17,000,724</u>	<u>13,434,477</u>
	<u>\$27,153,954</u>	<u>\$23,450,644</u>

The allowance for impaired loans represents the Board's best estimate of future probable losses with respect to the loans receivable. The Board recognizes that future economic and fishing industry conditions, such as the ground fish moratoria, government income support programs, and availability of resources, are not predictable. The impact of these conditions on the future cash flows anticipated from the loans receivable is uncertain. Consequently, material adjustments to the allowance are possible depending on the impact of these future events and management's best estimate of them.

4. Due from Province of Newfoundland

The Board pays an interest subsidy for the interest charges on guaranteed bank loans equal to the difference between the bank's interest rate and the Board's interest rate when the loan was approved. These payments are subsequently recovered from the Province. During the year the Board paid \$294,886 (1998 - \$106,407) in interest subsidies and recovered \$65,846 (1998 - \$133,446) from the Province. At 31 March 1999, the Province owed the Board \$311,320 (1998 - \$82,280) for interest subsidies paid during the year.

5. Contingent liabilities

- (a) A client of the Board has taken legal action as a result of certain alleged technical problems that the client claims to have experienced with a vessel that was financed through the Fisheries Loan Board Program. The amount of this potential claim is in the \$900,000 to \$1,100,000 range. In a matter related to this legal action, another party has been awarded a claim of \$1.8 million. The Province will not appeal this decision.

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL

FISHERIES LOAN BOARD OF NEWFOUNDLAND

FISHERIES LOAN FUND

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

5. Contingent liabilities (Cont.)

- (b) A client has filed a Notice of Intended Action against Her Majesty the Queen in right of Newfoundland and the Board because of an alleged breach of a bounty agreement. The client will be seeking an estimated \$143,700 plus interest. The Statement of Claim issued in relation to this matter was acknowledged by both parties to be defective due to non-compliance with the Proceedings Against the Crown Act. There has been no further activity in relation to this claim since the summer of 1991.
- (c) Two clients have filed counter claims against the Board's legal action to collect the clients' deficiency loan balances. The clients are claiming that the Board repossessed and sold their vessels for an amount less than the fair market value. In addition, the clients are claiming that the total proceeds from the sale of their vessels was not credited towards their outstanding balance. The amount of both claims is estimated at \$50,000. In the opinion of the Board there is a good defence to these counter claims.
- (d) There are three counter claims against the Board in relation to actions commenced by the Board to collect the deficiency balances owing on vessels that have been repossessed and sold. The total of these three counter claims is not expected to exceed \$39,000. In the opinion of the Board there is a good defence to these counter claims.
- (e) A client of the Board has taken legal action claiming that the marine inspectors of the Board were negligent in performing their survey of the vessel at the time financing was being considered. The Plaintiffs are claiming general damages. The estimated value of the claim and the outcome of this matter cannot be predicted at this time.
- (f) Two clients of the Board have taken legal action claiming that the Board repossessed and sold their vessel without following proper legal procedure. The claimants are seeking a declaration that they are free from liability under the original Ship's Mortgage and other relief as could be granted by the court. The deficiency balance of the mortgage is approximately \$80,000 plus interest. In the opinion of the Board there is a good defence to this action.
- (g) There is a Third Party claim against Her Majesty the Queen in Right of Newfoundland and the Board by the Defendants in an action by a Bank to collect the deficiency balance on a loan to the Defendants. The Defendants are seeking indemnification and contribution for approximately \$400,000 plus interest. A defence will be filed in this action. The outcome of this matter cannot be predicted at this time.

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL

FISHERIES LOAN BOARD OF NEWFOUNDLAND

FISHERIES LOAN FUND

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

6. Contributed capital

Prior to the transfer of its responsibilities to the Department of Development and Rural Renewal, the Board received capital contributions from the Province of Newfoundland to be deposited into the Fisheries Loan Fund for the purpose of making loans or advances to fishers and to other persons, associations, societies or companies engaged either directly or indirectly in the catching, handling, processing, or distribution of fish or fish products. The Board depended on these capital contributions to carry out its mandate.

The account is comprised of capital contributions from the Province, reduced by the principal portion of loans received and paid to the Province and the principal portion of loans written off.

7. Payments to the Province of Newfoundland

An amendment made to the Fisheries Loan Act in 1985 regarding collections on loans receivable required the Board to pay into the Consolidated Revenue Fund, out of the Fisheries Loan Fund, such monies as directed by the Lieutenant-Governor in Council. The Lieutenant-Governor in Council directed that the interest portion of all loan payments be remitted to the Consolidated Revenue Fund and the principal portion of all loan payments be remitted to the department responsible.

8. Deficit

This account is comprised of an accumulated excess of expenditure over revenue increased by interest collected on loans and paid to the Province and reduced by the principal portion of loans written off and any surplus during the year.

9. Interest on loans

Effective 1 April 1995, the Board adopted an accounting policy to cease recognition of interest income on loans when they become impaired. This policy resulted in a reduction in interest revenue recognized for the year ended 31 March 1999 of \$1,597,033 (1998 - \$1,915,782). The policy was not retroactively applied because the necessary financial information was not reasonably determinable.

10. Related party transactions

The Board was administered during the year as a division of the Department of Development and Rural Renewal. Expenses related to salaries, accommodations and administration are paid directly by the Department and no provision is made in these financial statements for those expenditures.

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL

FISHERIES LOAN BOARD OF NEWFOUNDLAND

FISHERIES LOAN FUND

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

10. Related party transactions (Cont.)

Enterprise Newfoundland and Labrador Corporation makes certain payments during the year on behalf of the Fisheries Loan Board of Newfoundland. These expenditures include costs related to interest subsidy payments, and repossession and collection costs such as legal, court, storage and advertising fees.

11. Groundfish Moratoria

On 2 July 1992, the Government of Canada announced a moratorium on the northern cod fishery, affecting clients on the Labrador and Northeast coasts. On 31 August 1993, a moratorium was also announced for the South Coast and Southwest Coast fishery and included reduced quotas in the Gulf Region fishery.

Subsequent cod quota reductions have effectively closed the entire cod fishery in the Province. The recovery of the groundfish stocks is anticipated to be very slow. Consequently, the Federal Government's Atlantic Groundfish Strategy Program (TAGS) introduced on 19 April 1994, provided for a four year adjustment period of income support payments and offered programs for both early retirement and licence retirement. On 16 December 1997, the Government of Canada announced that it would continue paying income support under the TAGS Program until the end of August 1998. On 10 February 1998 the Post-TAGS Review Report, which assesses the impact of the end of TAGS on provinces, communities, families and individuals in Atlantic Canada and Quebec was released.

On 24 October 1996, the Fisheries Resource Conservation Council (FRCC) recommended the cautious and prudent low level re-opening of commercial cod fisheries in southern Newfoundland, eastern and northern Gulf of St. Lawrence and southern Gulf of St. Lawrence and Sydney Bight. The recommendations were contained in the FRCC's report to the federal Minister of Fisheries and Oceans on 1997 conservation requirements for Atlantic groundfish stocks. The mandate of the Council is to advise the Minister on the conservation and sustainability of Atlantic fish stocks. On 17 April 1997 the Minister of Fisheries and Oceans announced a low level re-opening of the commercial cod fisheries in southern Newfoundland, Gulf of St. Lawrence and Sydney Bight.

On 27 May 1998 the Minister announced that due to the few signs of stock recovery, the moratoria on commercial fishing for 1998 was in place for all areas of Newfoundland and Labrador with the exception of southern Newfoundland. For this area only, a low level commercial cod fishery was permitted. The Minister did report that an index and experimental fishery would be carried out for southern Labrador, the northern Grand Banks and the northern and southern Gulf of St. Lawrence.

DEPARTMENT OF DEVELOPMENT AND RURAL RENEWAL

FISHERIES LOAN BOARD OF NEWFOUNDLAND

FISHERIES LOAN FUND

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

11. Groundfish Moratoria (Cont.)

On 1 June 1999, the Minister announced total allowable catches and management measures for groundfish stocks in the Gulf of St. Lawrence, and cod stocks in divisions 2GH and 3PS. The announcement follows recommendations made to the Minister by the FRCC in its report on 6 May 1999. The Minister noted that while progress has been made in some stocks as a result of conservation efforts, overall he remains cautious about the recovery of stocks in the Gulf of St. Lawrence. The Minister also said that as the FRCC noted in its report, we must continue to make conservation of the resource our first priority. Strong monitoring, control and surveillance measures will be maintained. The Minister accepted all of the FRCC's recommendation on total allowable catches for Gulf of St. Lawrence stocks and 3PS and 2GH cod.

On 23 June 1999, the Minister of Fisheries and Oceans announced management measures for the 1999 commercial cod fishery in Division 2J3KL, and for the recreational/food fishery in Newfoundland and Labrador and the Lower North Shore of Quebec. The Minister decided to re-open a limited commercial fishery in the inshore portion of 2J3KL. This is in line with the FRCC's recommendations per its report of 27 May 1999. The Minister noted that while the business of the offshore component remains near historically low levels, the inshore component is stronger and comprises several relatively strong year classes.

These 1999 announcements for Gulf stocks are for the period until 14 May 2000. This will allow for the start of a new twelve month management cycle for these stocks on 15 May 2000. The 3PS cod total allowable catch is for the period until 31 March 2000 with a new management cycle to begin on 1 April 2000.

12. Economic dependence

As a result of the Board's reliance on Provincial funding, the Board's ability to continue viable operations is dependent upon the decisions of the Province.

13. Income taxes

The Board is a Crown entity of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

GRENFELL REGIONAL HEALTH SERVICES BOARD

OPERATING FUND

REPORT AND FINANCIAL STATEMENTS

MARCH 31, 2000



AUDITORS' REPORT

To the Members,
Grenfell Regional Health Services Board

We have audited the Operating Fund balance sheet of **Grenfell Regional Health Services Board** as at March 31, 2000 and the Operating Fund statements of revenues and expenditures, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Operating Fund as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte + Touche LLP

St. John's, Newfoundland,
June 2, 2000.

Deloitte & Touche LLP
Chartered Accountants

GRENFELL REGIONAL HEALTH SERVICES BOARD
OPERATING FUND

STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2000

	<u>2000</u>	<u>1999</u>
Revenues		
Provincial plan	\$ 25,779,535	\$ 24,080,623
MCP physician revenue	5,102,638	4,197,505
Inpatient	510,038	475,904
Outpatient	138,249	98,853
Long term care	559,477	569,568
Dental revenue	562,685	564,575
Drug recoveries	487,182	488,175
Medical	67,376	69,910
Ambulance	71,281	74,937
Miscellaneous	316,065	226,724
	<u>33,594,526</u>	<u>30,846,774</u>
Expenditures		
Administration	2,872,475	2,743,690
Support services	6,176,027	5,968,304
Nursing inpatient services	6,383,768	6,186,963
Ambulatory care services	5,015,208	4,687,602
Diagnostic and therapeutic	3,224,800	2,897,028
Medical services	6,017,629	5,097,964
Education	301,658	512,473
Health and community services	3,456,934	3,298,834
Undistributed	18,294	190,391
	<u>33,466,793</u>	<u>31,583,249</u>
Surplus (deficit) prior to other operations	127,733	(736,475)
Other operations income (expense)		
Air ambulance services	(144,084)	(590,758)
Adjustment for prior years' deficits	-	850,000
Deficit including other operations	(16,351)	(477,233)
Adjustments for non-shareable items		
Amortization of deferred capital contributions	1,088,545	994,985
Amortization of capital assets	(1,119,190)	(1,087,141)
Accrued vacation	(197,927)	(206,423)
Accrued severance	(197,233)	(361,914)
*Excess of expenditures over revenues	<u>\$ (442,156)</u>	<u>\$ (1,137,726)</u>

See accompanying notes to financial statements.

BALANCE SHEET AS AT MARCH 31, 2000

	2000	1999
ASSETS		
Current		
Accounts receivable	\$ 792,717	\$ 670,548
Inventories (Note 2)	626,276	548,738
Prepaid expenses	947,215	954,594
Due from Province of Newfoundland and Labrador	<u>2,137,516</u>	<u>1,822,846</u>
	4,503,724	3,996,726
Segregated cash	86,802	92,882
Capital assets (Note 3)	<u>9,418,390</u>	<u>9,498,607</u>
	\$ 14,008,916	\$ 13,588,215

LIABILITIES AND DEFICIT

Current		
Bank indebtedness	\$ 59,669	\$ 1,385,043
Accounts payable and accrued liabilities	2,624,436	2,316,730
Due to Board Fund	3,212,333	2,764,664
Accrued vacation pay	1,657,919	1,459,992
Current portion of long term debt (Note 4)	34,500	21,300
Deferred grants (Note 5)		
Capital	1,877,042	937,635
Operating	266,596	154,389
National Child Benefit	153,547	87,251
Child Youth and Family Services Act	5,000	-
	9,891,042	9,127,004
Accumulated severance pay	3,152,609	2,955,376
Long term debt (Note 4)	894,826	890,515
Deferred capital contributions (Note 6)	8,281,757	8,384,482
	22,220,234	21,357,377
Net assets (deficiency)		
Net assets invested in capital assets	207,307	202,310
Unrestricted net assets	(8,418,625)	(7,971,472)
	(8,211,318)	(7,769,162)
	\$ 14,008,916	\$ 13,588,215

Contingency (Note 8)

Approved on Behalf of the Board:

Director W. J. ...

Director William L. Sullivan & John

See accompanying notes to financial statements.

GRENFELL REGIONAL HEALTH SERVICES BOARD
OPERATING FUND

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2000

	Invested in Capital Assets	Unrestricted	2000	1999
Balance, beginning of the year	\$ 202,310	\$ (7,971,472)	\$ (7,769,162)	\$ (6,631,436)
Excess of revenues over expenditures (expenditures over revenues)	<u>4,997</u>	<u>(447,153)</u>	<u>(442,156)</u>	<u>(1,137,726)</u>
Balance, end of the year	<u>\$ 207,307</u>	<u>\$ (8,418,625)</u>	<u>\$ (8,211,318)</u>	<u>\$ (7,769,162)</u>

See accompanying notes to financial statements.

**GRENFELL REGIONAL HEALTH SERVICES BOARD
OPERATING FUND**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2000**

	<u>2000</u>	<u>1999</u>
Cash provided from (used in)		
Operating activities		
Excess of expenditures over revenues	\$ (442,156)	\$ (1,137,726)
Items not affecting cash		
Amortization of deferred capital contributions	(1,088,545)	(994,985)
Amortization of capital assets	<u>1,119,190</u>	<u>1,087,141</u>
	(411,511)	(1,045,570)
Net increase in non-cash working capital	1,569,214	(578,286)
Increase in accumulated severance pay	<u>197,233</u>	<u>361,914</u>
	<u>1,354,936</u>	<u>(1,261,942)</u>
Investing activities		
Purchase of capital assets	(1,038,973)	(1,256,541)
Net decrease in capital assets under construction	<u>-</u>	<u>451,978</u>
	<u>(1,038,973)</u>	<u>(804,563)</u>
Financing activities		
Proceeds from long term debt	53,436	-
Repayment of long term debt	(35,925)	(18,196)
Increase in deferred capital contributions	<u>985,820</u>	<u>1,231,489</u>
	<u>1,003,331</u>	<u>1,213,293</u>
Change in cash resources	1,319,294	(853,212)
Bank indebtedness, beginning of the year	<u>(1,292,161)</u>	<u>(438,949)</u>
Cash (bank indebtedness), end of the year	<u>\$ 27,133</u>	<u>\$ (1,292,161)</u>
Comprised of :		
Bank indebtedness	\$ (59,669)	\$ (1,385,043)
Segregated cash	<u>86,802</u>	<u>92,882</u>
	<u>\$ 27,133</u>	<u>\$ (1,292,161)</u>

See accompanying notes to financial statements.

**GRENFELL REGIONAL HEALTH SERVICES BOARD
OPERATING FUND**

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2000**

1. Significant accounting policies

The financial statements of the Board have been prepared within the framework of Canadian generally accepted accounting principles, the more significant of which are as follows:

Basis of accounting

The Board employs fund accounting, classifying financial statement items in either the Operating Fund or Board Fund. These funds together comprise the Combined Funds.

The Operating Fund includes the primary operations and the operating assets and liabilities of the Board. Revenues (including grants and subsidies) and expenditures relate primarily to the provision of health and community services and long term nursing care.

Revenue and expenditure recognition

The Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Inventories

Inventories consist of medical, surgical and general supplies, drugs, fuel oil and aircraft parts. Medical, surgical and general supplies and drugs are valued at the lower of cost, determined on an average cost basis, and net realizable value. Fuel oil and aircraft parts are valued at the lower of cost, determined on a first-in, first-out basis, and net realizable value.

Capital assets

Capital assets are recorded at cost. The Charles S. Curtis Memorial Hospital and the John M. Gray Centre are not recorded as assets of the Board since the Board does not hold title to them.

Amortization is recorded in the financial statements using the following amortization policies:

- Buildings
 - 5% declining balance method
 - amount equal to principal reduction of mortgage

Equipment and vehicles - 20% declining balance method

Land improvements - 2.5% declining balance method

GRENFELL REGIONAL HEALTH SERVICES BOARD
OPERATING FUND

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2000

1. Significant accounting policies (Continued)

Severance pay

The liability for severance pay is recorded in the accounts for all employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who has less than nine years of continual service.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates; however, such differences would not be expected to have a material impact on these financial statements.

2. Inventories

	<u>2000</u>	<u>1999</u>
Medical, surgical and general supplies	\$ 160,387	\$ 149,113
Drugs	195,910	178,419
Fuel oil	12,443	9,292
Aircraft parts	<u>257,536</u>	<u>211,914</u>
	<u>\$ 626,276</u>	<u>\$ 548,738</u>

3. Capital assets

	<u>2000</u>		<u>1999</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 7,101	\$ -	\$ 7,101	\$ 7,101
Land improvements	103,038	45,970	57,068	58,531
Buildings	10,063,295	4,296,341	5,766,954	6,020,603
Equipment and vehicles	<u>11,754,322</u>	<u>8,167,055</u>	<u>3,587,267</u>	<u>3,412,372</u>
	<u>\$21,927,756</u>	<u>\$12,509,366</u>	<u>\$ 9,418,390</u>	<u>\$ 9,498,607</u>

GRENFELL REGIONAL HEALTH SERVICES BOARD
OPERATING FUND

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2000

4. Long term debt

Newfoundland and Labrador Housing Corporation
8% loan, secured by a mortgage on land and
building known as St. Anthony Interfaith Home,
repayable in blended monthly instalments of
\$6,614 to June, 2026

\$ 880,250 \$ 893,591

Bank of Nova Scotia 7.9% vehicle loan,
repayable in blended monthly instalments
of \$548 to August, 2000

3,735 9,752

Bank of Nova Scotia 8.45% vehicle loan,
repayable in blended monthly instalments
of \$503 to September, 2000

2,944 8,472

Royal Bank of Canada 6.15% capital lease,
secured by equipment, repayable in blended
monthly instalments of \$1,629 to July, 2002

42,397 -

929,326 911,815

Less: Current portion

(34,500) (21,300)

\$ 894,826 \$ 890,515

Principal repayments on long term debt over the next five years are as follows:

2001	\$ 34,500
2002	\$ 29,900
2003	\$ 18,700
2004	\$ 13,300
2005	\$ 14,400

**GRENFELL REGIONAL HEALTH SERVICES BOARD
OPERATING FUND**

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2000**

5. Deferred grants

Deferred grants represent funding for capital equipment and operating activities that have not been expended during the year.

6. Deferred capital contributions

Contributions restricted for the purchase of capital assets are deferred and amortized on the same basis as the corresponding asset.

The deferred capital contributions balance represents the unamortized portion of these restricted contributions.

	<u>2000</u>	<u>1999</u>
Beginning balance	\$8,384,482	\$8,147,978
Add: Capital contributions	985,820	1,231,489
Less: Amounts amortized to revenue	<u>(1,088,545)</u>	<u>(994,985)</u>
Ending balance	<u><u>\$8,281,757</u></u>	<u><u>\$8,384,482</u></u>

7. Contractual agreements

Leases

The Board, in the course of its operations, has entered into agreements for the lease of medical and office equipment and vehicles. Most arrangements are provided on a year to year basis. For those arrangements extending beyond one year, the following are the fixed lease obligations required in each of the next five years:

2001	\$ 136,900
2002	\$ 113,000
2003	\$ 99,900
2004	\$ 85,400
2005	\$ 85,400

**GRENFELL REGIONAL HEALTH SERVICES BOARD
OPERATING FUND**

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2000**

8. Contingency

The Board has received an assessment from Revenue Canada relating to withholding taxes for independent medical professionals in the amount of \$88,000. The Board is currently disputing Revenue Canada's position.

9. Comparative figures

Certain comparative figures have been restated to conform to the current year's presentation.

Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member Firm of
Grant Thornton International

Grant Thornton 

Health and Community Services
St. John's Region
Financial Statements
Operating Fund
March 31, 2000

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Statement of Financial Position	3
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Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member Firm of
Grant Thornton International

Auditors' Report

To the Members of
St. John's Regional Health and Community Services Board

We have audited the statement of financial position of Health and Community Services - St. John's Region - Operating Fund as at March 31, 2000 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the operating fund as at March 31, 2000 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

St. John's, Newfoundland
June 15, 2000

Grant Thornton LLP
Chartered Accountants

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ICON Building
187 Kenmount Road
St. John's,
Newfoundland
A1B 3M7
Tel (709) 722-5960
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Health and Community Services - St. John's Region
Operating Fund
Statement of Operations

Year Ended March 31	2000	(Note 11) 1999
Revenue		
Provincial Plan	\$ 57,550,316	\$ 53,741,856
Travel clinics	68,921	77,491
Other	46,866	30,893
	<u>57,666,103</u>	<u>53,850,240</u>
Cost of Services		
Administration	4,761,785	4,434,585
Client services programs		
Addictions	1,084,366	1,100,104
Continuing Care	13,427,488	12,623,451
Health Promotion and Protection	3,914,040	3,767,948
Mental Health	2,349,089	2,054,357
Child Welfare Program	12,180,021	11,733,937
Family and Rehabilitation Program	20,329,690	18,961,157
Community Corrections Program	1,116,772	953,877
	<u>59,163,251</u>	<u>55,629,416</u>
Deficit prior to non-shareable items	(1,497,148)	(1,779,176)
Non-shareable items		
Amortization of government capital assistance	62,668	45,893
Vacation pay	(80,543)	(343,394)
Depreciation	(154,413)	(167,188)
Severance pay	(257,300)	(341,493)
Deficiency of revenue over cost of services	<u>\$ (1,926,736)</u>	<u>\$ (2,585,358)</u>

See accompanying notes to the financial statements.

Health and Community Services - St. John's Region
Operating Fund
Statement of Financial Position

March 31 2000 1999

Assets

Current

Receivables	\$ 3,233,272	\$ 3,401,850
Due from Board Fund	-	25,774
Prepaid expenses	<u>583,578</u>	<u>392,677</u>
	3,816,850	3,820,301

Capital assets (Note 3)	<u>1,330,347</u>	<u>1,256,835</u>
	<u>\$ 5,147,197</u>	<u>\$ 5,077,136</u>

Liabilities

Current

Bank indebtedness	\$ 846,239	\$ 1,771,480
Payables and accruals	2,875,615	2,053,103
Advance for Breast Screening Project (Note 4)	192,247	30,684
Vacation pay payable	956,415	875,871
Deferred revenue	1,827,928	738,922
Due to Board Fund	379,674	-
Current portion of long term debt	<u>36,152</u>	<u>33,818</u>
	7,114,270	5,503,878

Severance pay payable	2,638,243	2,380,943
Long term debt (Note 5)	703,208	739,360
Deferred government capital assistance (Note 6)	<u>178,520</u>	<u>142,409</u>
	<u>10,634,241</u>	<u>8,766,590</u>

Net assets

Net assets invested in capital assets (Note 7)	412,467	341,248
Deficiency	<u>(5,899,511)</u>	<u>(4,030,702)</u>
	<u>(5,487,044)</u>	<u>(3,689,454)</u>
	<u>\$ 5,147,197</u>	<u>\$ 5,077,136</u>

Commitments (Note 9)

Uncertainty (Note 12)

On behalf of the Board

Gene Adey, FCA Member *Joan Dune* Member

See accompanying notes to the financial statements.

Health and Community Services - St. John's Region
Operating Fund
Statement of Changes in Net Assets

Year Ended March 31

2000

1999

	Net Assets Invested in Capital Assets	Deficiency	Total	Total
Balances, beginning of year	\$ 341,248	\$ (4,030,702)	<u>\$(3,689,454)</u>	\$ 132,708
Deficiency of revenue over cost of services	(91,745)	(1,834,991)	<u>(1,926,736)</u>	(2,585,358)
Transfer for debt repayment	33,818	(33,818)	-	-
Transfer of equity in capital assets from Government	129,146	-	<u>129,146</u>	-
Transfer of deficit from subsumed organizations	-	-	-	(1,156,804)
Government recovery of special funding	-	-	-	<u>(80,000)</u>
Balances, end of year	<u>\$ 412,467</u>	<u>\$ (5,899,511)</u>	<u>\$(5,487,044)</u>	<u>\$(3,689,454)</u>
Deficiency comprised of:				
Balance prior to accrual for unfunded items		\$ (2,304,853)		
Vacation pay payable		(956,415)		
Severance pay payable		<u>(2,638,243)</u>		
		<u>\$ (5,899,511)</u>		

See accompanying notes to the financial statements.

Health and Community Services - St. John's Region
Operating Fund
Statement of Cash Flows

Year Ended March 31	2000	1999
Cash derived from (applied to)		
Operating		
Deficiency of revenue over cost of services	\$ (1,926,736)	\$ (2,585,358)
Amortization of government capital assistance	(62,668)	(45,893)
Depreciation	154,413	167,188
Severance pay	<u>257,300</u>	<u>341,493</u>
	(1,577,691)	(2,122,570)
Change in non-cash operating working capital (Note 8)	<u>2,131,302</u>	<u>(1,537,762)</u>
	<u>553,611</u>	<u>(3,660,332)</u>
Financing and Investing		
Capital assets transferred from Government	129,146	-
Capital contributions from Provincial Plan	98,779	35,000
Government recovery of special funding	-	(80,000)
Repayment of long term debt	(33,818)	(213,706)
Advances from Board Fund	405,448	378,693
Purchase of capital assets	(227,925)	(101,707)
Transfer of deficit from subsumed organizations	-	(1,156,804)
Transfer of vacation pay from subsumed organizations	-	287,442
Transfer of severance pay from subsumed organizations	<u>-</u>	<u>869,362</u>
	<u>371,630</u>	<u>18,280</u>
Net increase (decrease) in cash resources	925,241	(3,642,052)
(Bank indebtedness) cash resources		
Beginning of year	<u>(1,771,480)</u>	<u>1,870,572</u>
End of year	<u>\$ (846,239)</u>	<u>\$ (1,771,480)</u>

See accompanying notes to the financial statements.

Health and Community Services - St. John's Region Operating Fund

Notes to the Financial Statements

March 31, 2000

1. Nature of operations

Operating Fund

The Operating Fund is used to account for the operating activities of the Organization provided through the following programs: Continuing Care; Mental Health; Addictions; Health Promotion; Health Protection; Children's Protection, Family and Rehabilitation; and Community Corrections. These health care services are provided in the areas of St. John's, Mount Pearl, Bell Island, Conception Bay South and the Southern Shore to St. Shotts.

Any investment revenue and interest earned on the operating accounts are credited to the Board Fund. Any Operating Fund deficits are the responsibility of the Board Fund.

The results of the Board Fund are presented in separate financial statements.

2. Significant accounting policies

- (a) Accounting for transactions with the Department of Health and Community Services and the Government of Newfoundland and Labrador.

The Board is reimbursed for the total of its operating costs after deduction of specific revenue and expenditures, including expenses not approved by the Department.

The Board has been operating within a three year budgeting process, with the final settlement amount determined at the end of the third year. The final settlement amount for the 1997, 1998 and 1999 fiscal years has not yet been determined. For the 2000 fiscal year, the Board prepared a one year budget. Any transfer of an operating surplus to the Board Fund or any transfer from the Board Fund to finance an Operating Fund deficit is subject to availability of funds and will be recorded when the amount is confirmed by a final settlement by the Department of Health and Community Services.

- (b) Revenue recognition

Health and Community Services - St. John's Region follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Provincial plan revenue is recognized when received or receivable for the fiscal year for which the amounts are approved by the Department of Health and Community Services.

Health and Community Services - St. John's Region **Operating Fund** **Notes to the Financial Statements**

March 31, 2000

2. Significant accounting policies (cont'd)

(c) Capital assets and depreciation

Purchases of minor equipment are charged to cost of services in the year they are purchased. Major equipment purchases are recorded at their full cost under capital assets.

Rates of depreciation applied on a declining balance basis to write-off the cost of capital assets over their estimated lives are as follows:

Buildings	4%
Furniture and equipment	20%
Medical equipment	20%
Computer equipment	30%

(d) Severance pay

A liability for severance pay is recorded in the accounts for all employees who have a vested right to receive such payments. No provision for the ultimate severance pay liability is made in the accounts for any employee who has less than nine years of continuous service.

(e) Government capital assistance

Government grants relating to the acquisition of capital assets are recorded as deferred credits and amortized on the same basis as the related asset is depreciated. During the year a grant of \$98,779 (1999 - \$35,000) was received from the Department of Health and Community Services.

(f) Medical supplies

Medical supplies are charged to cost of services when purchased.

3. Capital assets

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>2000 Net Book Value</u>	<u>1999 Net Book Value</u>
Land	\$ 20,000		\$ 20,000	\$ 20,000
Buildings	902,969	\$ 155,400	747,569	759,718
Furniture and equipment	567,675	352,060	215,615	263,559
Medical equipment	179,418	129,957	49,461	61,827
Computer equipment	544,424	246,722	297,702	151,731
	<u>\$ 2,214,486</u>	<u>\$ 884,139</u>	<u>\$ 1,330,347</u>	<u>\$ 1,256,835</u>

Health and Community Services - St. John's Region
Operating Fund
Notes to the Financial Statements
March 31, 2000

4. Advance for Breast Screening Project

The Breast Screening Project is a project of the Department of Health and Community Services and does not fall within the responsibility or accountability of Health and Community Services - St. John's Region. The funding for this project is channelled through Health and Community Services - St. John's Region who pay the project expenses on behalf of the Department of Health and Community Services, and any unexpended funds are repayable to the Department of Health and Community Services.

5. Long term debt	<u>2000</u>	<u>1996</u>
6.41% Toronto Dominion Bank term loan, amortized to March 15, 2012, repayable in equal monthly instalments of principal and interest of \$5,591.	\$ 562,956	\$ 593,279
7.79% Newfoundland and Labrador Housing Corporation mortgage, amortized to July 1, 2020, repayable in equal monthly instalments of principal and interest of \$1,429.	<u>176,404</u>	<u>179,899</u>
	739,360	773,178
Less: current portion	<u>36,152</u>	<u>33,818</u>
	<u>\$ 703,208</u>	<u>\$ 739,360</u>

Principal repayments in each of the next five years are due as follows: 2001 - \$36,152; 2002 - \$38,560; 2003 - \$41,129; 2004 - \$43,797; and 2005 - \$46,790.

Revenue other - includes a mortgage subsidy from Newfoundland and Labrador Housing Corporation (NLHC) in the amount of \$9,431 related to the above NLHC mortgage.

Health and Community Services - St. John's Region
Operating Fund
Notes to the Financial Statements
March 31, 2000

6. Deferred government capital assistance

Deferred contributions related to capital assets represent contributed capital assets and restricted contributions for the acquisition of capital assets. The changes in the deferred contributions balance for the year are as follows:

	<u>2000</u>	<u>1999</u>
Balance, beginning of year	\$ 142,409	\$ 153,302
Add: Capital contributions from Provincial Plan	98,779	35,000
Less: Amounts amortized to revenue	<u>(62,668)</u>	<u>(45,893)</u>
Balance, end of year	<u>\$ 178,520</u>	<u>\$ 142,409</u>

7. Net assets invested in capital assets

	<u>2000</u>	<u>1999</u>
Capital assets	\$ 1,330,347	\$ 1,256,835
Amounts financed by:		
Long term debt	(739,360)	(773,178)
Deferred government capital assistance	<u>(178,520)</u>	<u>(142,409)</u>
	<u>\$ 412,467</u>	<u>\$ 341,248</u>

8. Supplemental cash flow information

	<u>2000</u>	<u>1999</u>
Change in non-cash operating working capital		
Receivables	\$ 168,578	\$ (3,120,808)
Prepaid expenses	(190,901)	150,690
Payables and accruals	822,512	1,078,761
Advance for Breast Screening Project	161,563	(344,664)
Vacation pay payable	80,544	55,952
Deferred revenue	<u>1,089,006</u>	<u>642,307</u>
	<u>\$ 2,131,302</u>	<u>\$ (1,537,762)</u>

9. Commitments

The organization is committed to minimum annual rentals under lease agreements for office space and equipment as follows:

2001	\$ 1,394,800
2002	\$ 1,069,300
2003	\$ 782,100
2004	\$ 708,300
2005	\$ 670,200

The organization is also committed to capital equipment purchases of \$75,144 in fiscal year 2001.

Health and Community Services - St. John's Region
Operating Fund
Notes to the Financial Statements

March 31, 2000

10. Other projects

During the year the organization conducted certain special projects on a cost recovery basis. Recoveries of related expenses of \$86,656 (1999 - \$103,277) have been deducted from other project expenses for the year.

11. Comparative figures

Certain of the 1999 figures have been reclassified to conform with the financial statement presentation adopted for the current year.

12. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the Organization, including those related to customers, suppliers, or other third parties, have been fully resolved.

Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member Firm of
Grant Thornton International

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**Health Care Corporation of
St. John's - Operating Fund
Financial Statements**
March 31, 2000

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Auditors' Report

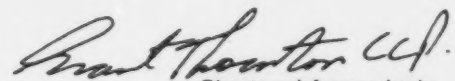
To the Board of Trustees
Health Care Corporation of St. John's

We have audited the statement of financial position of the Health Care Corporation of St. John's – Operating Fund as at March 31, 2000 and the statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation's operating fund as at March 31, 2000 and the results of its operations and its cash flow for the year then ended in accordance with generally accepted accounting principles.

St. John's, Newfoundland
June 16, 2000


Chartered Accountants

**Health Care Corporation of St. John's
Operating Fund
Statement of Operations**

Year Ended March 31
(in thousands of dollars)

	2000	1999
Revenue		
Provincial plan	\$ 297,905	\$ 269,749
Other	<u>37,175</u>	<u>33,324</u>
	<u>335,080</u>	<u>303,073</u>
Expenditure		
Administration and support	82,446	79,275
Clinical programs		
Child health	26,462	23,424
Medicine	26,179	23,087
Mental health	23,525	23,239
Perioperative	20,150	18,156
Surgery	19,960	17,568
Laboratory services	15,951	15,164
Diagnostic imaging	14,512	13,460
Cardiac care	12,662	10,294
Critical care	12,411	11,370
Emergency	8,840	7,272
Women's health	8,821	7,737
Ambulatory care services	6,193	5,387
Continuing care	5,780	5,219
Rehabilitation services	5,553	4,932
Seniors	4,158	1,520
Bell Island/Ferryland	1,616	1,484
Palliative care	840	737
Medical services/education	29,757	26,811
Pharmacy and therapeutic services	6,890	7,360
Other	<u>3,906</u>	<u>3,913</u>
	<u>336,612</u>	<u>307,409</u>
Excess of expenditure over revenue before undemoted items	<u>(1,532)</u>	<u>(4,336)</u>
Depreciation	9,649	8,909
Amortization of deferred contributions	(6,783)	(7,628)
Increase in severance pay accrual	<u>4,617</u>	<u>3,426</u>
	<u>7,483</u>	<u>4,707</u>
Excess of expenditure over revenue	\$ <u>(9,015)</u>	\$ <u>(9,043)</u>

See accompanying notes to the financial statements.

**Health Care Corporation of St. John's
Operating Fund
Statement of Changes in Net Assets**

Year Ended March 31 (in thousands of dollars)	Invested in Capital assets	Deficit	2000	1999
Balance, beginning of year	\$ 60,042	\$ (49,179)	\$ 10,863	\$ 9,691
Excess of expenditure over revenue		(9,015)	(9,015)	(9,043)
Depreciation	(9,649)	9,649	-	-
Amortization of deferred contributions	6,783	(6,783)	-	-
Transfer of Provincial Genetics Program (Note 10)		249	249	-
Contribution from government for deficit funding	-	-	-	10,215
Balance, end of year	<u>\$ 57,176</u>	<u>\$ (55,079)</u>	<u>\$ 2,097</u>	<u>\$ 10,863</u>

See accompanying notes to the financial statements.

Health Care Corporation of St. John's **Operating Fund** **Statement of Financial Position**

March 31

(in thousands of dollars)

2000

1999

Assets

Current

Cash	\$ 9,476	\$ 153
Accounts receivable (Note 3)	25,556	34,014
Supplies inventory (Note 4)	3,261	3,240
Prepaid expenses	677	136
	<u>38,970</u>	<u>37,543</u>

Capital assets (Note 5)

214,882 148,120

Trust funds (Note 6)

657 652

\$ 254,509 \$ 186,315

Liabilities

Current

Bank indebtedness		\$ 2,042
Accounts payables and accrued liabilities	\$ 27,556	26,196
Due to board fund	-	3,588
Accrued vacation pay	10,682	9,723
Current portion of accrued severance pay	291	217
Current portion of long term debt	886	-
Current portion of obligations under capital leases	1,023	1,286
Deferred revenue	5,840	5,630
	<u>46,278</u>	<u>48,682</u>

Contractual obligations (Note 7)

110,355 65,914

Long term debt (Note 8)

13,609 -

Obligations under capital leases (Note 9)

1,361 1,184

Deferred contributions - capital

39,486 22,949

Accrued severance pay

40,666 36,071

251,755 174,800

Trust funds (Note 6)

657 652

Net Assets

Net assets invested in capital assets

57,176 60,042

Deficit

Prior institutions	(36,098)	(36,098)
Operating	(18,981)	(13,081)
	<u>2,097</u>	<u>10,863</u>

\$ 254,509 \$ 186,315

Contingencies (Note 12)

Commitments (Note 13)

Year 2000 Issue (Note 17)

On Behalf of the Board

Edison Young Trustee

[Signature] Trustee

See accompanying notes to the financial statements.

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Health Care Corporation of St. John's **Operating Fund** **Statement of Cash Flows**

Year Ended March 31

(in thousands of dollars)

2000

1999

Increase (decrease) in cash and cash equivalents

Operating activities		
Excess of expenditure over revenue	\$ (9,015)	\$ (9,043)
Add items not requiring a cash outlay		
Depreciation	9,649	8,909
Amortization of deferred contributions	(6,783)	(7,628)
Increase in severance pay accrual	<u>4,617</u>	<u>3,426</u>
	(1,532)	(4,336)
Change in non-cash operating working capital (Note 11)	<u>6,754</u>	<u>3,703</u>
Cash provided by (used in) operating activities	<u>5,222</u>	<u>(633)</u>
Financing activities		
Capital asset contributions	23,060	10,616
Increase in contractual obligations	44,441	55,724
Proceeds from long term debt	15,000	-
Repayment of long term debt	(506)	-
Proceeds from obligations under capital leases	1,410	-
Repayment of obligations under capital leases	<u>(1,496)</u>	<u>(1,923)</u>
Cash provided by financing activities	<u>81,909</u>	<u>64,417</u>
Investing activities		
Accounts receivable - equipment	666	(5,967)
Construction and purchase of capital assets	<u>(76,432)</u>	<u>(59,980)</u>
Cash used in investing activities	<u>(75,766)</u>	<u>(65,947)</u>
Net increase (decrease) in cash and cash equivalents	11,365	(2,163)
Cash and cash equivalents		
Beginning of year	<u>(1,889)</u>	<u>274</u>
End of year	<u>\$ 9,476</u>	<u>\$ (1,889)</u>
Represented by		
Cash	\$ 9,476	\$ 153
Bank indebtedness	<u>-</u>	<u>(2,042)</u>
	<u>\$ 9,476</u>	<u>\$ (1,889)</u>

See accompanying notes to the financial statements.

Health Care Corporation of St. John's Operating Fund Notes to the Financial Statements

March 31, 2000

(tabular amounts in thousands of dollars)

1. Formation of the Corporation

Effective April 1, 1995, the Health Care Corporation of St. John's (the Corporation) was constituted by the Hospitals Act (Health Care Corporation of St. John's) Constitution Order to manage and control the operations, facilities, services and programs of several institutions which, prior to this date, were individually controlled entities. These institutions are as follows:

General Hospital Corporation
St. Clare's Mercy Hospital
Salvation Army Grace General Hospital
Dr. Walter Templeman Health Centre
Dr. Charles A. Janeway Child Health Centre
Waterford Hospital Corporation
Childrens' Rehabilitation Centre

The operations of the above entities were primarily funded by the Government of Newfoundland and Labrador (the Government) to provide health care services on the Government's behalf, causing all entities to be effectively under common control. As a result, these financial statements have been prepared using a pooling of interest method of accounting. Under this method, the book values of assets, liabilities and net assets of each of the entities being combined are added together to form the combined value of assets, liabilities and net assets of the Corporation.

The Government purchased certain capital assets owned by the Congregation of the Sisters of Mercy and the Salvation Army, related to their respective former institutions. These assets, excluding the Salvation Army Grace General Hospital land and buildings, were recorded in the accounts of the Corporation at fair value.

The Corporation is a registered charity and, while registered, is exempt from income tax.

2. Summary of significant accounting policies

The financial statements of the Corporation have been prepared within the framework of generally accepted accounting principles which requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the Corporation are as follows:

Health Care Corporation of St. John's Operating Fund Notes to the Financial Statements

March 31, 2000

(tabular amounts in thousands of dollars)

2. Summary of significant accounting policies (cont'd.)

Basis of presentation

The Corporation applies fund accounting principles in recording its financial transactions in the Operating Fund.

The Operating Fund contains all the operating assets, liabilities, revenue and expenditure of the Corporation related to the provision of hospital services. The assets of the Operating Fund are available for the satisfaction of debts, contingent liabilities and commitments of the Corporation.

Supplies inventory

Supplies inventory is valued at average cost, determined on a first-in first-out basis.

Capital assets

The Corporation has recorded all capital assets over which it has control, although title to certain of these assets rests with the Government. Capital assets recorded prior to the merger are recorded at either cost, nominal, or approximate fair value, on the basis of accounting used by the predecessor entities. Capital assets acquired after April 1, 1995 are recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets at the following rates:

Buildings and renovations	2%
Equipment	15% - 20%
Equipment under capital leases	15%
Land improvements	5%-10%

Construction in progress is not depreciated until the project is substantially complete at which time the project costs are transferred to buildings and renovations and depreciated accordingly.

Minor equipment purchases are charged to operations in the year of acquisition.

Capital and operating leases

A lease that transfers substantially all of the benefits and risks incidental to ownership of property is accounted for as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value. Assets acquired under capital leases are amortized on the same basis as other capital assets. All other leases are accounted for as operating leases and the payments are expensed as incurred.

Health Care Corporation of St. John's

Operating Fund

Notes to the Financial Statements

March 31, 2000

(tabular amounts in thousands of dollars)

2. Summary of significant accounting policies (cont'd.)

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on a straight-line basis using the same rates as depreciation expense related to the capital assets purchased. Capital contributions for non-depreciable capital assets are recorded as direct increases in net assets.

Revenue recognition

Provincial plan revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred revenue.

Unrestricted cash donations are recognized as revenue when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

Revenue from the sale of goods and services is recognized at the time the goods are delivered or the services are provided.

Budget incentive

The Corporation is reimbursed by the Department of Health for the total of its operating costs, after deduction of specified revenue and expenditure, to the extent of the approved budget.

The final amount receivable from or payable to the Department will not be determined until the Department has completed its review of the Corporation's financial and statistical returns. The management of the Corporation considers the amount recorded as receivable from or payable to the Department to be inclusive of all proper adjustments. Subsequent adjustments resulting from the Department's review will be reflected in the statement of revenue and expenditure in the period of adjustment.

For the fiscal years 1997 to 2000, the Corporation is permitted to retain any savings from the approved budget.

Accrued severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Corporation.

Health Care Corporation of St. John's Operating Fund Notes to the Financial Statements

March 31, 2000

(tabular amounts in thousands of dollars)

2. Summary of significant accounting policies (cont'd.)

Pension costs

Employees of the Corporation are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Province of Newfoundland. Contributions to the plans are required from both the employees and the Corporation. The annual contributions for pensions are recognized in the accounts on a current basis.

Contributed services

Volunteers contribute approximately 74,000 hours per year to assist the Corporation in carrying out its service delivery activities. Due to the difficulty of determining fair value, contributed services are not recognized in the financial statements.

3. Accounts receivable	<u>2000</u>	<u>1999</u>
Government of Newfoundland and Labrador		
Operating	\$ 7,370	\$ 6,451
Deficit funding	-	10,215
Equipment	6,250	6,916
Severance and redundancy	<u>220</u>	<u>43</u>
	13,840	23,625
Services to patients	5,567	4,777
Foundations (Note 14)	1,404	509
Hostels (Note 14)	600	674
Other	<u>4,145</u>	<u>4,429</u>
	\$ 25,556	\$ 34,014

4. Supplies inventory	<u>2000</u>	<u>1999</u>
Medical and surgical supplies	\$ 1,289	\$ 1,284
Drugs	1,077	1,236
Other	<u>895</u>	<u>720</u>
	\$ 3,261	\$ 3,240

Health Care Corporation of St. John's Operating Fund Notes to the Financial Statements

March 31, 2000

(tabular amounts in thousands of dollars)

5. Capital assets	2000		
	Cost	Accumulated Depreciation	Net Book Value
Land and land improvements	\$ 1,822	\$ 428	\$ 1,394
Buildings and renovations	137,317	63,543	73,774
Equipment	123,195	108,687	14,508
Equipment under capital leases	11,998	8,470	3,528
Construction in progress	121,678	-	121,678
	<u>\$ 396,010</u>	<u>\$ 181,128</u>	<u>\$ 214,882</u>

	1999		
	Cost	Accumulated Depreciation	Net Book Value
Land and land improvements	\$ 1,822	\$ 424	\$ 1,398
Buildings and renovations	125,603	60,524	65,079
Equipment	114,531	103,575	10,956
Equipment under capital leases	10,588	6,959	3,629
Construction in progress	67,058	-	67,058
	<u>\$ 319,602</u>	<u>\$ 171,482</u>	<u>\$ 148,120</u>

6. Trust funds

Funds belonging to the patients of the Corporation are being held in trust for the benefit of the patients.

7. Contractual obligations	2000	1999
Interim financing	\$ 98,353	\$ 52,020
Accounts payable and accrued liabilities	<u>12,002</u>	<u>13,894</u>
	<u>\$ 110,355</u>	<u>\$ 65,914</u>

The Corporation will close two facilities in the year 2000 (Dr. Charles A. Janeway Child Health Centre and the Salvation Army Grace General Hospital), and complete construction of a new children's facility at the Health Sciences Centre site at an estimated cost of \$65.5 million. In addition, a \$47 million renovation project to St. Clare's Mercy Hospital and the Health Sciences Centre will be completed. Professional fees, design work and financing will total \$17.5 million. Costs incurred to March 31, 2000 amounted to \$110,355,000 (1999 - \$55,854,000).

On June 15, 2000 the Corporation issued a sinking fund debenture in the amount of \$130,000,000 to finance the new children's facility and renovation projects. The debenture has a coupon rate of 6.90%, maturing June 15, 2040. Interest is payable on June 15th and December 15th of each year, commencing December 15, 2000. The annual principal payment to the sinking fund will be \$747,500 commencing in 2001.

Health Care Corporation of St. John's Operating Fund

Notes to the Financial Statements

March 31, 2000

(tabular amounts in thousands of dollars)

8. Long term debt	2000	1999
Royal Bank of Canada (re Central Kitchen), 6.06% loan for 15 year term and amortization, payable in monthly instalments of principal and interest of \$101,670.	\$ 11,580	
Royal Bank of Canada (re Centre for Nursing Studies), 6.66% loan for 7 year term and amortization, payable in monthly instalments of principal and interest of \$44,847.	2,915	
	14,495	
Less: current portion	886	
	\$ 13,609	\$ Nil

Principal repayments in each of the next five years are as follows:

2001 - \$886,000; 2002 - \$944,000; 2003 - \$1,005,000; 2004 - \$1,070,000; and 2005 - \$1,140,000.

9. Obligations under capital leases

The Corporation has acquired medical and surgical equipment under the terms of capital leases. Payments under the leases, scheduled to expire at various dates to March 31, 2005 are as follows:

Fiscal year ended

2001	\$ 1,077
2002	574
2003	458
2004	283
2005	69
	2,461
Less amount representing interest (ranging from 6.2% to 10.0%)	77
	2,384
Less: current portion	1,023
	\$ 1,361

Health Care Corporation of St. John's Operating Fund Notes to the Financial Statements

March 31, 2000

(tabular amounts in thousands of dollars)

10. Provincial Genetics Program

Effective January 10, 2000, the provincial government transferred the Provincial Genetics Program to the Corporation. As at that date, the Program's asset and liability balances were combined with those of the Corporation, which resulted in a net increase in net assets of \$249,000. All transactions since the effective date of transfer have been reflected in the Corporation's financial statements, with expenditures recorded as medical services.

11. Supplemental cash flow information	2000	1999
Change in non-cash operating working capital		
Accounts receivable	\$ (1,840)	\$ (6,714)
Accounts receivable - deficit funding	10,215	
Supplies inventory	(21)	527
Prepaid expenses	(541)	45
Accounts payable and accrued liabilities	1,360	4,561
Due to board fund	(3,588)	1,226
Accrued vacation pay	959	235
Deferred revenue	210	3,823
	<u>\$ 6,754</u>	<u>\$ 3,703</u>

12. Contingencies

Guarantees

The Corporation has guaranteed a first mortgage of the General Hospital Hostel Association (the Association) held by the Newfoundland and Labrador Housing Corporation. The balance of the mortgage outstanding at March 31, 2000 was \$2,021,000 (1999 - \$2,075,000).

The Corporation has guaranteed an additional first mortgage of the Association held by the Royal Bank of Canada. The balance of the mortgage outstanding at March 31, 2000 was \$1,124,000 (1999 - \$1,147,000).

Management believes the Corporation will not be called upon to honour these guarantees.

Other

A number of claims have been filed against the Corporation. No provision has been recorded in the accounts for these claims as the Corporation is not expected to incur any significant liability, and an estimate of loss, if any, is not determinable at this time.

**Health Care Corporation of St. John's
Operating Fund
Notes to the Financial Statements**

March 31, 2000

(tabular amounts in thousands of dollars)

13. Commitments

Operating leases

Under the terms of several long-term operating leases related to hospital and office equipment, the Corporation is committed to make the approximate annual lease payments set out below:

2001	\$	663
2002		488
2003		255
2004		174
2005		<u>84</u>
	\$	<u>1,664</u>

Energy Performance Contract

The Corporation entered into an Energy Performance Contract on November 21, 1996 with Honeywell Ltd. for the design and implementation of measures to improve energy efficiency, wherein Honeywell Ltd. guaranteed the energy savings component.

The contract is estimated at \$10,170,000, including financing costs, and is to be repaid from operating and energy savings over a maximum seven year period.

As of March 31, 2000 the balance of the expenditures financed through the Bank of Nova Scotia amounted to \$9,388,000. As support for the financing, Honeywell Ltd. has assigned to the bank any funds due to them by the Corporation for the energy savings component of the contract.

In the opinion of management of the Corporation, the guaranteed energy savings component by Honeywell Ltd. is an offset to any obligation of the Corporation under the assignment to the bank, and as a consequence neither the capital expenditures or the bank loan obligation is reflected in the financial statements of the Corporation at March 31, 2000.

14. Related party transactions

Foundations and Hostels

The Corporation is related to the following entities:

General Hospital Health Foundation
Janeway Children's Hospital Foundation
St. Clare's Mercy Hospital Foundation
Waterford Hospital Foundation Inc.
General Hospital Hostel Association
Northwest Rotary - Janeway Hostel Corporation

Health Care Corporation of St. John's Operating Fund Notes to the Financial Statements

March 31, 2000

(tabular amounts in thousands of dollars)

14. Related party transactions (cont'd.)

The Foundations operate for the purpose of accumulating funds to assist the Corporation with facility renovations and the purchase of equipment used in the provision of patient care. The Foundations are governed by separate Boards of Directors.

The Hostels provide accommodations for the family members of the Corporation's patients. The Corporation appoints a majority of members to the Hostels' Boards of Directors.

Contributions to the Corporation during the year are as follows:

	<u>2000</u>	<u>1999</u>
General Hospital Health Foundation	\$ 2,270	\$ 719
Janeway Children's Hospital Foundation	920	568
St. Clare's Mercy Hospital Foundation	138	39
General Hospital Hostel Association	213	213
Northwest Rotary - Janeway Hostel Corporation	10	10
	<u>\$ 3,551</u>	<u>\$ 1,549</u>

At year end, the amounts receivable from related parties are as follows:

	<u>2000</u>	<u>1999</u>
General Hospital Health Foundation	\$ 1,180	\$ 196
Janeway Children's Hospital Foundation	175	286
St. Clare's Mercy Hospital Foundation	2	7
Waterford Hospital Foundation Inc.	47	19
General Hospital Hostel Association	351	476
Northwest Rotary - Janeway Hostel Corporation	249	199
	<u>\$ 2,004</u>	<u>\$ 1,183</u>

Other

Various volunteer and auxiliary associations/organizations solicit donations, operate gift shops and hostels and undertake fund raising activities to provide operating and capital donations to further the objectives of the Corporation.

15. Financial instruments

The Corporation's primary financial instruments recognized in the balance sheet consist of cash, accounts receivable, current liabilities, accrued severance pay, contractual obligations, long term debt, and obligations under capital leases. The carrying value of the primary financial instruments of the Corporation approximate fair value due to the normal trade credit terms and conditions of those instruments.

At year end the Corporation did not have any significant exposure to any part or counterparty.

**Health Care Corporation of St. John's
Operating Fund
Notes to the Financial Statements**

March 31, 2000

(tabular amounts in thousands of dollars)

16. Comparative figures

Certain of the 1999 comparative figures have been reclassified from the financial statements previously presented to conform with the financial statement presentation adopted for the current year.

17. Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the Corporation, including those related to customers, suppliers, or other third parties, have been fully resolved.

HEALTH LABRADOR CORPORATION

AUDITORS' REPORT

FINANCIAL STATEMENTS - MARCH 31, 1999

HEALTH LABRADOR CORPORATION

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March 31, 1999

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AUDITORS' REPORT

To the Board of Management

Health Labrador Corporation

We have audited the Combined Funds balance sheet of **Health Labrador Corporation** as at March 31, 1999 and the Operating Fund statement of revenues, expenditures and fund balance, the Board Funds statement of revenues, expenditures and fund balances and the Combined Funds statement of cash flow for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1999 and the results of its operations and its cash flow for the year then ended in accordance with generally accepted accounting principles.

The comparative figures provided for the year ended March 31, 1998 were reported on by another accounting firm who issued their opinion without reservation on July 24, 1998.

Walters HOFFE

Chartered Accountants

Happy Valley, Newfoundland

* September 15, 2000

HEALTH LABRADOR CORPORATION

Combined Funds - Balance Sheet

March 31, 1999

1999

1998

Assets

Current assets:

Cash and short-term investments	\$ 985,050	364,583
Restricted cash	1,802,518	-
Receivables	5,339,615	1,434,291
Inventories	532,324	508,946
Prepaid expenses	143,032	131,472

Total current assets 8,802,539 2,439,292

Funds on deposit	-	384,111
Residents' Trust Fund	77,090	95,218
Capital assets (Note 3)	9,216,097	9,440,568
	<u>\$18,095,726</u>	<u>12,359,189</u>

Liabilities and Deficit

Current liabilities:

Bank indebtedness (Note 4)	\$ 2,897,314	1,001,249
Payables and accruals	2,954,366	1,751,531
Accrued vacation pay	1,152,619	1,081,520
Current portion of long-term debt (Note 6)	7,082	9,500
Deferred donations (Note 5)	1,116,242	999,789
Deferred government grants (Note 5)	1,814,221	181,666
	<u>9,941,844</u>	<u>5,025,255</u>

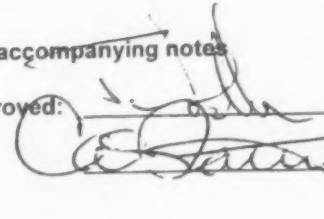
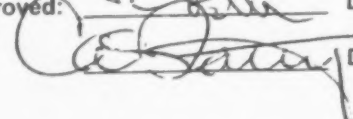
Residents' Trust Fund obligation	77,090	95,218
Accrued severance pay	2,004,766	1,860,411
Long-term debt (Note 6)	1,312,874	1,267,889
Deferred capital contributions (Note 7)	7,620,192	7,833,471

Surplus (deficit):

Operating fund, per accompanying statement	(3,547,317)	(4,321,213)
Board funds, per accompanying statement	470,360	382,241
Endowment fund	215,917	215,917
	<u>(2,861,040)</u>	<u>(3,723,055)</u>

\$18,095,726 12,359,189

See accompanying notes

Approved:  Director
 Director

HEALTH LABRADOR CORPORATION

Operating Fund - Statement of Revenues, Expenditures and Fund Balance

Year Ended March 31, 1999

1999

1998

Revenues:

Provincial plan	\$ 22,298,905	20,906,617
MCP	3,037,275	2,651,857
Air ambulance	1,285,485	1,285,485
Health and community services program	921,584	778,000
Inpatient	246,923	405,650
Outpatient	331,918	341,364
Long-term care	480,500	503,301
Dental revenue	123,953	236,532
Drug recoveries	621,092	544,060
Mortgage interest subsidy	25,205	25,205
Other	756,354	557,600
	<u>30,129,194</u>	<u>28,235,671</u>

Expenditures (Schedule 1):

Administration	3,383,311	4,211,169
Support services	8,572,992	8,379,643
Nursing inpatient services	5,092,494	4,847,548
Ambulatory care services	6,338,309	6,218,510
Diagnostic and therapeutic	3,018,531	2,955,236
Medical services	3,306,546	2,941,516
Education	271,768	325,948
Undistributed	838,398	182,937
	<u>30,822,349</u>	<u>30,062,505</u>

Deficit before Special deficit funding
and before non-shareable items

(693,155) (1,826,834)

Special Department of Health deficit funding to March 31, 1998

1,692,000 —

Surplus (deficit) before non-shareable items

998,845 (1,826,834)

Adjustments for non-shareable items:

Amortization of deferred capital contributions	1,101,295	1,185,505
Amortization of capital assets	(1,110,795)	(1,194,305)
Accrued vacation expense	(71,094)	(286,863)
Accrued severance expense	(144,355)	(182,271)
	<u>(224,949)</u>	<u>(477,934)</u>

Surplus (deficit)

773,896 (2,304,768)

Fund balance - beginning

(4,321,213) (2,016,445)

- ending

\$ (3,547,317) (4,321,213)

See accompanying notes

HEALTH LABRADOR CORPORATION

Board Funds - Statement of Revenues, Expenditures and Fund Balance

Year Ended March 31, 1999	1999	1998
Revenue:		
International Grenfell Association	\$ 523,300	979,126
Interest	51,557	75,452
Other grants and donations	<u>210,751</u>	<u>209,102</u>
	785,608	1,263,680
Expenditures	<u>313,490</u>	<u>320,725</u>
Excess of revenues over expenditures	472,118	942,955
Fund balance - beginning	382,241	907,213
Donation to operating fund - capital	<u>(383,999)</u>	<u>(1,467,927)</u>
Fund balance - ending	<u>\$ 470,360</u>	<u>382,241</u>

- See accompanying notes

HEALTH LABRADOR CORPORATION

Combined Funds - Statement of Cash Flow

Year Ended March 31, 1999

1999

1998

Cash flow:

Operations:

Surplus (deficit)	\$ 773,896	(2,304,768)
Non cash items:		
Amortization of deferred capital contributions	(1,101,295)	(1,185,505)
Amortization of capital assets	<u>1,110,795</u>	<u>1,194,305</u>
	783,396	(2,295,968)
Net (increase) decrease in non-cash working capital	(866,638)	(18,938)
Increase in accrued severance pay	<u>144,355</u>	<u>182,271</u>
	<u>61,113</u>	<u>(2,132,635)</u>

Investing:

Purchase of capital assets	(884,234)	(2,241,115)
Funding of restrictive liabilities	(1,802,518)	-
Change in funds on deposit	<u>384,111</u>	<u>(14,977)</u>
	<u>(2,302,641)</u>	<u>(2,256,092)</u>

Financing:

Repayment of long term debt	(6,423)	(8,800)
Increase in deferred capital contributions	884,234	2,241,115
Increase (decrease) in Board funds	<u>88,119</u>	<u>(524,972)</u>
	<u>965,930</u>	<u>1,707,343</u>

Net decrease in cash and cash equivalents (1,275,598) (2,681,384)

Cash and cash equivalents - beginning (636,666) 2,044,718

- ending \$ (1,912,264) (636,666)

Represented by:

Cash and short term investments	\$ 985,050	364,583
Bank indebtedness	<u>(2,897,314)</u>	<u>(1,001,249)</u>
	<u>\$ (1,912,264)</u>	<u>(636,666)</u>

See accompanying notes

HEALTH LABRADOR CORPORATION

Operating Fund

Schedule 1

Expenditures

Year Ended March 31, 1999

1999

1998

Administration:		
General	\$ 1,957,525	2,442,904
Finance	459,946	458,566
Personnel services	385,611	305,698
Systems support	199,542	232,301
Other	<u>380,687</u>	<u>771,700</u>
	<u>3,383,311</u>	<u>4,211,169</u>
Support services:		
Nursing	845,564	910,777
Housekeeping	911,530	906,390
Laundry and linen	246,647	246,880
Plant services	2,217,714	2,381,314
Patient food services	993,334	1,293,961
Other	<u>3,358,203</u>	<u>2,640,321</u>
	<u>8,572,992</u>	<u>8,379,643</u>
Nursing inpatient services:		
Acute	3,592,300	3,513,855
Long term care	<u>1,500,194</u>	<u>1,333,693</u>
	<u>5,092,494</u>	<u>4,847,548</u>
Ambulatory care services	6,338,309	6,218,510
Diagnostic and therapeutic services:		
Clinical laboratory	1,013,749	967,596
Diagnostic imaging	620,217	555,746
Other	<u>1,384,565</u>	<u>1,431,894</u>
	<u>3,018,531</u>	<u>2,955,236</u>
Medical services	3,306,546	2,941,516
Education	271,768	325,946
Undistributed	<u>838,398</u>	<u>182,937</u>
	<u>\$ 30,822,349</u>	<u>30,062,505</u>

See accompanying notes

HEALTH LABRADOR CORPORATION

Operating Fund

Schedule 2

Revenue and Expenditure for Government Reporting

Year Ended March 31, 1999

1999

1998

Revenue

Provincial Plan	\$ 22,298,905	20,906,617
MCP physician revenue	3,037,275	2,651,357
Air Ambulance	1,285,485	1,285,485
Health and Community Services programs	921,584	778,000
Inpatient	246,923	405,650
Outpatient	331,918	341,364
Long term care	480,500	503,301
Dental revenue	123,953	236,532
Drug recoveries	621,092	544,060
Mortgage interest subsidy	25,205	25,205
Other	<u>756,354</u>	<u>557,600</u>

Total revenue

30,129,194

28,235,671

Expenditure

Salaries	18,898,953	18,507,780
Employee benefits	2,884,215	3,009,208
Supplies – regular	7,576,793	7,240,487
Supplies – drugs	686,449	664,001
Supplies – medical and surgical	598,427	514,916
Long term debt – interest	177,512	126,113
Long term debt – principal	<u>6,423</u>	<u>8,832</u>

Total expenditure

30,828,772

30,071,337

Deficit for government reporting

(699,578)

(1,835,666)

Long term debt – principal

6,423

8,832

Deficit including other operations

(693,155)

(1,826,834)

Special Department of Health deficit funding to March 31, 1998

1,692,000

—

Surplus (deficit) before non-shareable items

998,845

(1,826,834)

Non-shareable items

Amortization of deferred capital contribution	1,101,295	1,185,505
Amortization of capital assets	(1,110,795)	(1,194,305)
Accrued vacation expense	(71,094)	(286,863)
Accrued severance expense	<u>(144,355)</u>	<u>(182,271)</u>
	<u>(224,949)</u>	<u>(477,934)</u>

Surplus (deficit)

\$ 773,896

(2,304,768)

See accompanying notes

HEALTH LABRADOR CORPORATION

Capital Fund

Schedule 3

Funding and Expenditure for Government Reporting

Year Ended March 31, 1999	1999	1998
Sources of funds		
Provincial capital equipment grant in current year	\$ 1,633,900	543,000
Add: deferred capital grant from prior year	181,666	387,703
Less: deferred capital grant from current year	<u>(1,340,184)</u>	<u>(154,666)</u>
	475,382	776,037
Operating grants	24,853	-
Donation from Board Funds	<u>383,999</u>	<u>1,467,927</u>
Total funding	<u>884,234</u>	<u>2,243,964</u>
Expenditures		
Land improvements	-	10,460
Equipment	884,234	2,230,655
Repairs and maintenance	<u>-</u>	<u>2,849</u>
	<u>884,234</u>	<u>2,243,964</u>
Deficit on capital purchases	<u>\$ -</u>	<u>-</u>

See accompanying notes

HEALTH LABRADOR CORPORATION

Accumulated Operating Surplus (Deficit)

Schedule 4

For Government Reporting

Year Ended March 31, 1999

1999

1998

Combined assets:

Cash and short-term investments	\$ 985,050	364,583
Accounts receivable	5,339,615	1,434,291
Inventory	532,324	508,946
Prepaid expenses	<u>143,032</u>	<u>131,472</u>

Total current assets

7,000,021 2,439,292

Current liabilities:

Bank indebtedness	2,897,314	1,001,249
Accounts payable and accrued liabilities	2,954,366	1,751,531
Deferred grants - provincial government	1,814,221	181,666
Due to Board Funds	-	997,919
Due to Endowment Funds	<u>-</u>	<u>215,917</u>

Total current liabilities

7,665,901 4,148,282

Accumulated operating surplus (deficit)

\$ (665,880) (1,708,990)

* See accompanying notes

HEALTH LABRADOR CORPORATION

Notes to the Financial Statements

March 31, 1999

1. Establishment of Health Labrador Corporation:

Health Labrador Corporation was created in November 1994 as a result of restructuring of health care boards in the Province of Newfoundland and Labrador. The Corporation manages and operates the health care services in Goose Bay, Churchill Falls, Labrador City and coastal Labrador, north of Black Tickle. The Corporation also manages and operates the Harry L. Paddon Memorial Home in Goose Bay.

2. The financial statements of the Corporation have been prepared within the framework of generally accepted accounting principles and are presented in accordance with Department of Health and Community Services reporting requirements. The more significant accounting policies adopted are as follows:

a. Basis of Accounting:

The Corporation employs fund accounting, classifying financial statement items in either the Operating Fund or Board Funds. These funds together comprise the Combined Funds as shown on the balance sheet. Statements of revenues, expenditures and fund balances are prepared on an individual basis for these funds.

The Operating Fund includes the primary and ancillary operations and the operating assets and liabilities of the Corporation. Revenues (including grants and subsidies) and expenditures relate primarily to the provision of hospital services and long term nursing care.

The Board Funds contain assets held either for special purposes or for use at the discretion of the Corporation. Revenues consist mainly of donations and grants. Charges consist of certain hospital operating and capital expenditures not shared by government and expenditures for which the funds' assets have been granted. Interest earned on the funds is allocated to the Controller's Consolidated Fund within the Board Funds.

b. Revenue and expenditure recognition:

Revenues and expenditures are recognized using the accrual basis of accounting. The Corporation uses the deferral method of revenue recognition. Restricted funding is deferred and recognized as revenue in the period in which the related expense is incurred. Restricted funding for the purchase of capital assets is deferred and amortized on the same basis as the corresponding capital asset. Unrestricted funds are recognized as revenue in the period received.

c. Inventories:

Inventories consist of medical, surgical and general supplies, pharmaceutical and fuel oil. Medical, surgical and general supplies are valued at the lower of cost, determined on an average cost basis, and net realizable value. Drugs are valued at the lower of cost, determined on a first-in, first-out basis, and net realizable value.

HEALTH LABRADOR CORPORATION

Notes to the Financial Statements

March 31, 1999

2. Significant accounting policies (continued):

d. Capital Assets:

Capital assets are recorded at cost. Certain real estate assets in Goose Bay, including the Melville Hospital are not recorded as assets of the Corporation since the Corporation does not hold title to them.

Amortization is recorded in the financial statements using the following amortization rates and methods:

Buildings - 5% declining balance
- amount equal to principal repayment

Equipment - 20% declining balance

e. Severance pay:

The liability for severance pay is recorded in the accounts for all employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who has less than nine years of continual service.

3. Capital assets:

	1999		1998
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 10,000	-	10,000
Land improvements	162,208	78,661	98,854
Buildings	9,680,227	4,386,519	5,498,353
Equipment and Vehicles	10,519,640	6,690,798	3,833,361
	<u>\$20,372,075</u>	<u>11,155,978</u>	<u>9,440,568</u>

4. Bank indebtedness:

	1999	1998
Bank overdraft	\$ 492,314	1,001,249
Bank demand loan	<u>2,405,000</u>	<u>-</u>
	<u>\$ 2,897,314</u>	<u>1,001,249</u>

The Corporation has access to a \$4.5 million line of credit in the form of a revolving demand loan bearing interest at Royal Bank Prime of 6.75% as of 31 March 1999. This loan has been approved by the Minister of Health and Community Services.

HEALTH LABRADOR CORPORATION

Notes to the Financial Statements

March 31, 1999

5. Deferred donations and grants:

Deferred donations and grants consist of funding received from the provincial government and supporting associations for capital or operating purposes that has not yet been expended.

6. Long-term debt:	<u>1999</u>	<u>1998</u>
Canada Mortgage and Housing Corporation 10% mortgage secured by land and building known as Harry L. Paddon Memorial Home, repayable in blended monthly installments of \$9,145 to 2019	\$ 1,319,956	1,277,389
Less current portion	<u>7,082</u>	<u>9,500</u>
	<u>\$ 1,312,874</u>	<u>1,267,889</u>

Principal repayments on long term debt in each of the next five years are as follows:

1999 - 2000	\$ 7,082
2000 - 2001	\$ 7,808
2001 - 2002	\$ 8,608
2002 - 2003	\$ 9,490
2003 - 2004	\$10,463

7. Deferred capital contributions:

Deferred capital contributions represent the unamortized portion of funding used for the purchase of capital assets. These deferred capital contributions are being amortized at the same rate and method as the related capital asset.

HEALTH LABRADOR CORPORATION

Notes to the Financial Statements

March 31, 1999

8. Lease commitments:

The Corporation, in the course of its operations, has entered into agreements for the rental of various health care delivery facilities, living accommodations, and for the lease of certain medical and office equipment. Most arrangements are provided on a year to year basis. Estimated annual lease obligations required in each of the next five years, for those arrangements extending beyond one year, are as follows:

1999 - 2000	\$ 460,800
2000 - 2001	\$ 451,266
2001 - 2002	\$ 425,540
2002 - 2003	\$ 425,303
2003 - 2004	\$ 424,115

9. Comparative figures:

Certain comparative figures have been restated to conform to the current years presentation.

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR

FINANCIAL STATEMENTS

31 MARCH 2000



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Chairperson and Members
Heritage Foundation of
Newfoundland and Labrador
St. John's, Newfoundland

I have audited the balance sheet of the Heritage Foundation of Newfoundland and Labrador as at 31 March 2000 and the statement of revenue, expenditure and fund balance for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at 31 March 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Elizabeth Marshall

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
27 June 2000

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR

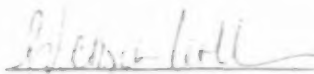
BALANCE SHEET

31 MARCH 2000

	<u>2000</u>	<u>1999</u>
ASSETS		
Current		
Cash	\$ 166,153	\$ 6,269
Investments, at cost (Note 2)	617,919	815,763
Accounts receivable	406,290	4,893
Investment income receivable (Note 3)	16,380	89,969
Prepaid expenses	214	200
	<u>1,206,956</u>	<u>917,094</u>
Capital assets		
Office furniture and equipment	29,058	25,465
Less: expensed in year of acquisition	<u>29,058</u>	<u>25,465</u>
	<u>-</u>	<u>-</u>
	<u>\$1,206,956</u>	<u>\$917,094</u>
LIABILITIES AND FUND BALANCE		
Current		
Accounts payable and accrued liabilities	\$ 5,414	\$ 2,482
Deferred revenue (Note 4)	<u>694,313</u>	<u>407,383</u>
	699,727	409,865
Fund balance (Note 5)	<u>507,229</u>	<u>507,229</u>
	<u>\$1,206,956</u>	<u>\$917,094</u>

See accompanying notes

Signed on behalf of the Foundation:


Chairperson


Member

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR

STATEMENT OF REVENUE, EXPENDITURE AND FUND BALANCE

FOR THE YEAR ENDED 31 MARCH 2000

	Actual <u>2000</u>	Budget <u>2000</u>	Actual <u>1999</u>
REVENUE			
Province of Newfoundland (Note 4 and Note 6)	\$113,070	\$192,850	\$193,247
Investment income	45,611	51,250	50,108
Government of Canada (Note 7)	39,701	42,000	10,301
Miscellaneous	<u>174</u>	<u>4,500</u>	<u>792</u>
	<u>198,556</u>	<u>290,600</u>	<u>254,448</u>
EXPENDITURE			
Board travel and meetings	5,702	11,000	4,135
Easement registration	127	1,000	1,583
Heritage grants	25,957	100,000	101,869
Inventory of historical structures	-	40,000	28,897
Miscellaneous	2,990	5,000	3,004
Office furniture and equipment	3,693	5,000	4,926
Office supplies	5,110	5,000	4,701
Plaquing	1,895	12,000	9,225
Professional fees	6,715	5,000	9,749
Public relations	4,039	3,000	3,064
Salaries and benefits	127,232	95,000	72,794
Special projects	9,704	-	5,795
Telephone	1,615	3,600	1,398
Travel	<u>3,777</u>	<u>5,000</u>	<u>3,308</u>
	<u>198,556</u>	<u>290,600</u>	<u>254,448</u>
Excess of revenue over expenditure	-	-	-
Fund balance, beginning of year	<u>507,229</u>	<u>507,229</u>	<u>507,229</u>
Fund balance, end of year	<u>\$507,229</u>	<u>\$507,229</u>	<u>\$507,229</u>

See accompanying notes

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

Authority

The Heritage Foundation of Newfoundland and Labrador (the Foundation) operates under the authority of the Historic Resources Act. Its affairs are managed by members of the Foundation appointed by the Lieutenant-Governor in Council.

The objectives of the Foundation are:

- (a) to stimulate an understanding of and appreciation for the architectural heritage of the Province;
- (b) to support and contribute to the preservation, maintenance and restoration of buildings and other structures of architectural or historical significance in the Province; and
- (c) to contribute to the increase and diffusion of knowledge about the architectural heritage of the Province.

1. Significant accounting policies

These financial statements have been prepared by the Foundation in accordance with generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Capital assets

Capital assets are capitalized at cost at the time of acquisition and are charged to expenditure in the year of acquisition.

(b) Investment income

Investment income is recorded on a straight line basis over the term of the investments.

2. Investments

	<u>Cost</u>	<u>Market Value</u>
Bank of Nova Scotia Note	\$500,000	\$463,500
Farm Credit Corporation	104,958	105,672
Scotia Money Market Fund	<u>12,961</u>	<u>12,972</u>
	<u>\$617,919</u>	<u>\$582,144</u>

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

	<u>2000</u>	<u>1999</u>
3. Investment income receivable		
Investment income receivable	\$18,682	\$92,271
Less: allowance for doubtful accounts	<u>(2,302)</u>	<u>(2,302)</u>
	<u>\$16,380</u>	<u>\$89,969</u>

4. Deferred revenue

Deferred revenue is comprised of operating grants received from the Province of Newfoundland to help defray future operating expenditures. The revenue will be recognized in future operating periods as expenditures are incurred.

	<u>2000</u>	<u>1999</u>
Balance, beginning of year	\$407,383	\$ -
Operating grant	400,000	600,000
Less: recognized in income during year	<u>(113,070)</u>	<u>(192,617)</u>
Balance, end of year	<u>\$ 694,313</u>	<u>\$ 407,383</u>

5. Fund balance

Section 25 of the Historic Resources Act requires the Foundation to maintain a fund of monies voted to it by the Legislature and of other monies received by way of gift, bequest, donation or otherwise. Disbursements from the fund may be made by the Foundation for the purposes set out in the legislation.

In 1994-95, the Foundation adopted a policy with respect to grant commitments. All grants approved will be available for a period of two years from the date of grant approval. Clients not utilizing the grants within this timeframe will forfeit their right to these grants.

As at 31 March 2000, \$374,720 (1999 - \$301,276) of this fund has been committed in the form of grants approved but not yet disbursed or rescinded. These grants have been approved for the following:

	<u>2000</u>	<u>1999</u>
Registered Heritage Structure	\$241,125	\$172,681
Heritage District - Harbour Grace	<u>133,595</u>	<u>128,595</u>
Committed funds	374,720	301,276
Uncommitted funds	<u>132,509</u>	<u>205,953</u>
	<u>\$ 507,229</u>	<u>\$507,229</u>

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

6. Province of Newfoundland

	<u>2000</u>	<u>1999</u>
Operating grant	\$113,070	\$192,617
Student Work and Service Program	<u>-</u>	<u>630</u>
	<u>\$113,070</u>	<u>\$193,247</u>

7. Government of Canada

	<u>2000</u>	<u>1999</u>
Canadian Heritage/Culture Net	\$ 1,292	\$ 5,508
Young Canada Works in Heritage	3,125	3,072
Human Resources Development Canada	<u>35,284</u>	<u>1,721</u>
	<u>\$ 39,701</u>	<u>\$10,301</u>

8. Related party transactions

- (a) The Foundation leases office space from the Province of Newfoundland at an annual rate of \$1.
- (b) Included in the accounts receivable is an operating grant of \$400,000 which the Province authorized in March 2000 through the issuance of a special warrant. The \$400,000 is included in deferred revenue and will be recognized in future operating periods as expenditures are incurred.

9. Financial instruments

The Foundation's financial instruments recognized in the Balance Sheet consist of investments, the carrying value of which is described in Note 2, and accounts and investment income receivable, and accounts payable and accrued liabilities, the carrying values of which approximate fair market value due to the normal trade credit terms and conditions of these instruments.

10. Income taxes

The Foundation is a Crown entity of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

HOTEL BUILDINGS LIMITED

FINANCIAL STATEMENTS

31 MARCH 2000



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Chairperson and Members
Hotel Buildings Limited
St. John's, Newfoundland

I have audited the balance sheet of Hotel Buildings Limited as at 31 March 2000 and the statement of income and deficit for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Elizabeth Marshall

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
2 June 2000

HOTEL BUILDINGS LIMITED

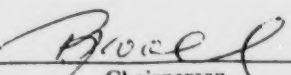
BALANCE SHEET

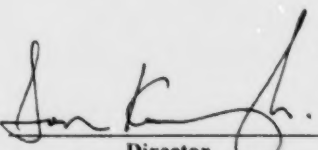
31 MARCH 2000

	<u>2000</u>	<u>1999</u>
ASSETS		
Current		
Cash	\$ 47,626	\$ 54,478
Accounts receivable	<u>1,389</u>	<u>556</u>
	49,015	55,034
Capital assets (Note 2)	<u>22,034</u>	<u>22,034</u>
	<u>\$ 71,049</u>	<u>\$ 77,068</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 4,850	\$ 4,250
Due to Province of Newfoundland (Note 3)	<u>26,044,202</u>	<u>26,044,202</u>
	<u>26,049,052</u>	<u>26,048,452</u>
SHAREHOLDERS' DEFICIT		
Share capital		
Authorized		
100 common shares of no par value		
Issued and fully paid		
3 common shares	3,000	3,000
Deficit	<u>(25,981,003)</u>	<u>(25,974,384)</u>
	<u>(25,978,003)</u>	<u>(25,971,384)</u>
	<u>\$ 71,049</u>	<u>\$ 77,068</u>
Contingent liability (Note 4)		

See accompanying notes

Signed on behalf of the Board:


Chairperson


Director

HOTEL BUILDINGS LIMITED
STATEMENT OF INCOME AND DEFICIT
FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u>	<u>1999</u>
INCOME		
Interest income	\$ <u>2,122</u>	\$ <u>4,578</u>
OPERATING EXPENSES		
General and administrative	5,135	3,645
Travel	1,449	-
Property tax	1,200	5,123
Professional services	957	517
Real estate commission	<u>-</u>	<u>17,475</u>
	<u>8,741</u>	<u>26,760</u>
	(6,619)	(22,182)
Gain on sale of land	-	310,494
Award for court costs (Note 5 (b))	<u>-</u>	<u>-</u>
Net (loss) income for the year	(6,619)	288,312
Deficit, beginning of year	<u>(25,974,384)</u>	<u>(26,262,696)</u>
Deficit, end of year	<u><u>\$(25,981,003)</u></u>	<u><u>\$(25,974,384)</u></u>

See accompanying notes

HOTEL BUILDINGS LIMITED
NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

Authority

Hotel Buildings Limited (the Corporation) was incorporated on 18 March 1966 under the *Corporations Act* of the Province of Newfoundland for the purpose of financing the construction of various hotels throughout the Province. The affairs of the Corporation are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. All board members are full-time employees of the Province of Newfoundland.

1. Significant accounting policy

These financial statements have been prepared by the Corporation in accordance with generally accepted accounting principles. Outlined below is the significant accounting policy followed.

Capital assets

All capital assets are capitalized at cost at the time of acquisition. There is no provision made for amortization of capital assets.

2. Capital assets

	<u>2000</u>	<u>1999</u>
Clareville		
Land	<u>\$22,034</u>	<u>\$22,034</u>

On 18 December 1995, the Corporation disposed of the hotel properties located at St. John's, Clareville, Gander and Corner Brook and on 22 March 1996, disposed of the Hotel Port aux Basques.

3. Due to Province of Newfoundland

As the Corporation has disposed of its hotel properties, future income from hotel operations will no longer accrue to the Corporation. Due to the significance of this income stream to the Corporation, its remaining operations are expected to be minimal in the future. Therefore, it is not anticipated that funds will become available to repay the Corporation's liability to the Province.

HOTEL BUILDINGS LIMITED
NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

4. Contingent liability

On 20 September 1996 the Corporation was notified that a claim had been filed by several former employees of the Hotel Port aux Basques. The claim is against Atlific (Nfld.) Limited, First Defendant, Hotel Buildings Limited, Second Defendant, and Hotel Port aux Basques Limited, Third Defendant. The Plaintiffs claim that they were unjustly dismissed by Atlific on 21 March 1996 and by Hotel Port aux Basques on 15 April 1996. There is no specific claim of unjust dismissal against Hotel Buildings Limited, except that the Plaintiffs allege that the Corporation "was obligated to ensure that the Plaintiffs herein were given reasonable notice of the termination of their employment by [Atlific]".

While there exists a good defence to the above claim, it has not progressed far enough to enable the formation of a definite opinion as to its outcome; thus, the likelihood and the amount of any loss to the Corporation is not determinable at this time.

5. Related party transactions

- (a) The Corporation is administered by employees of the Department of Finance, with support, where necessary, from other Provincial Departments. Certain costs of administration are incurred and paid directly by the Departments and are not reflected in these financial statements.
- (b) During the year, pursuant to a court order, Atlific Inc. paid to the Province \$60,000 to cover agreed upon court costs in a legal dispute regarding the exercise of an option to purchase the capital assets of the Corporation. This dispute had been decided by the courts, in the Corporation's favour, in 1995. The actual costs of the court case were incurred by the Department of Justice, and were therefore, not reflected in the financial statements of the Corporation.

6. Financial instruments

The Corporation's financial instruments recognized in the Balance Sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities, the carrying values of which approximate fair value due to the short-term maturity associated with these instruments.

7. Income taxes

The entity is a Crown corporation of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

8. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

HOYLES-ESCASONI COMPLEX

REPORT AND FINANCIAL STATEMENTS

MARCH 31, 1999



AUDITORS' REPORT

To the Members of the Board of Directors
St. John's Nursing Home Board

We have audited the balance sheet of the Hoyles-Escasoni Complex as at March 31, 1999, and the statements of revenue and expenditures, changes in net assets (deficiency) and changes in financial position for the year then ended. These financial statements are the responsibility of the Complex's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Complex as at March 31, 1999, and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

The figures for 1998, presented for comparative purposes, are based on financial statements reported on by other auditors.

Deloitte & Touche LLP

Deloitte & Touche LLP

St. John's, Newfoundland
November 22, 1999.

Hoyles Escasoni Complex

BALANCE SHEET AS AT MARCH 31, 1999

	<u>1999</u>	<u>1998</u>
ASSETS		
Current		
Cash (Note 4)	\$ 881,709	\$ 1,424,930
Accounts receivable (Note 5)	739,325	174,258
Inventory	99,491	101,073
Prepaid expenses	965,656	
	<u>2,686,181</u>	<u>1,700,261</u>
Residents' trust funds	555,023	541,208
Capital assets (Note 6)	<u>18,857,734</u>	<u>19,664,556</u>
	<u><u>\$ 22,098,938</u></u>	<u><u>\$ 21,906,025</u></u>

LIABILITIES		
Current		
Payables and accruals	\$ 2,178,854	\$ 2,041,643
Accrued vacation pay	673,473	604,243
	<u>2,852,327</u>	<u>2,645,886</u>
Accrued severance pay	2,839,179	2,640,350
Residents' trust funds	555,023	541,208
Deferred capital contributions (Note 7)	<u>2,562,384</u>	<u>2,570,563</u>
	<u>8,808,913</u>	<u>8,398,007</u>

NET ASSETS		
Investment in capital assets	16,295,350	17,093,993
Unappropriated equity (deficiency)	<u>(3,005,325)</u>	<u>(3,585,975)</u>
	<u>13,290,025</u>	<u>13,508,018</u>
	<u><u>\$ 22,098,938</u></u>	<u><u>\$ 21,906,025</u></u>

One behalf of the Board of Directors

Paul Williams Director

Harold Smith Director

See accompanying notes to the financial statements

Hoyles Escasoni Complex

STATEMENT OF REVENUE AND EXPENDITURES FOR THE YEAR ENDED MARCH 31, 1999

	1999	1998
Revenues		
Provincial plan	\$ 18,482,720	\$ 18,149,402
Residents	3,834,870	3,934,345
Interest		85,262
Other	135,703	200,021
	<u>22,453,293</u>	<u>22,369,030</u>
Expenditures		
Administration	940,336	1,531,994
Support	6,627,785	6,550,354
Resident care	14,381,481	14,087,790
	<u>21,949,602</u>	<u>22,170,138</u>
Surplus from operations	503,691	198,892
Funding for prior years' working capital deficits	<u>345,018</u>	
Surplus before non-shareable items	848,709	198,892
Adjustments for non-shareable items		
Amortization of deferred contributions	177,572	147,628
Amortization of capital assets	(976,215)	(1,000,528)
Accrued vacation pay	(69,230)	(48,968)
Accrued severance pay	(198,829)	(283,350)
Excess of expenditures over revenues	<u>\$ (217,993)</u>	<u>\$ (986,326)</u>

See accompanying notes to financial statements.

HOYLES ESCASONI COMPLEX
STATEMENT OF CHANGES IN NET ASSETS (DEFICIENCY)
MARCH 31, 1999

	1999			1998
	Net Assets			
	Investment in Capital Assets	Unappropriated Equity	Total	Total
Balance beginning of year	\$ 17,093,993	\$ (945,625)	\$ 16,148,368	\$ 23,277,600
As previously reported	-	(2,640,350)	(2,640,350)	2,357,000
Adjustment for severance accrual (Note 2)	-	-	-	6,293,750
Adjustment for amortization expense (Note 2)	-	-	-	-
	17,093,993	(3,585,975)	13,508,018	14,626,850
Excess of revenue over expenditure (expenditures over revenues)	(798,643)	580,650	(217,993)	(986,326)
Surplus incentive grant Province of Newfoundland and Labrador	-	-	-	(24,988)
Hoyles-Escasoni Foundation Inc. capital contribution	-	-	-	109,335
Appropriation to Hoyles-Escasoni Foundation Inc.	-	-	-	(216,853)
Balance, end of the year	\$ 16,295,350	\$ (3,005,325)	\$ 13,290,025	\$ 13,508,018

See accompanying notes to the financial statements.

HOYLES ESCASONI COMPLEX

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1999

	<u>1999</u>	<u>1998</u>
Cash from (used in) operating activities		
Operating activities		
Excess of expenditures over revenues	\$ (217,993)	\$ (986,326)
Items not requiring (generating) cash		
Amortization of capital assets	976,215	1,000,528
Amortization of deferred contribution	(177,572)	(147,628)
Increase in severance pay accrual	<u>198,829</u>	<u>283,350</u>
	779,479	149,924
Change in non-cash operating working capital (Note 9)	<u>(1,322,700)</u>	<u>209,557</u>
	<u>(543,221)</u>	<u>359,481</u>
Investing activities		
Appropriations to HEC Foundation Inc.	-	(216,853)
Building improvements and equipment purchases	<u>(169,393)</u>	<u>(482,702)</u>
	<u>(169,393)</u>	<u>(699,555)</u>
Financing activities		
Deferred building and equipment grants	169,393	275,309
Capital contributions from HEC Foundation Inc.	-	109,335
Surplus incentive plan with Province of Newfoundland and Labrador	<u>-</u>	<u>(24,988)</u>
	<u>169,393</u>	<u>359,656</u>
Net increase (decrease) in cash	(543,221)	19,582
Cash, beginning of the year	<u>1,424,930</u>	<u>1,405,348</u>
Cash, end of the year	<u>\$ 881,709</u>	<u>\$ 1,424,930</u>

See accompanying notes to financial statements.

HOYLES ESCASONI COMPLEX

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1999

1. Nature of operations

The Hoyles Escasoni Complex (the "Complex") provides long-term care to 398 residents in St. John's, Newfoundland. The Complex was established on October 1, 1987, by the Province of Newfoundland which transferred the operations of the Hoyles Home and Escasoni Senior Citizens Complex to the Complex which is operated by an independent board. The Complex is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

2. Change in method of accounting for amortization and severance pay

- (a) During the current year, the Complex adopted the CICA Handbook provision relating to severance pay. This provision requires the Complex to accrue severance pay for all employees with nine years or more of service. Severance is accrued at the rate of one week per year of service to a maximum of twenty weeks. No provision is made for employees with less than nine years severance. The statement of fund balance and comparatives for 1998 have been restated to reflect this retroactive change. As a result of this change, net earnings decreased by \$198,829 in 1999 and \$283,350 in 1998 and the operating fund balance at April 1, 1997, decreased by \$2,357,000.
- (b) During 1998, the Complex adopted the new CICA Handbook provisions relating to not-for-profit organizations. These provisions require the Complex to amortize all property and equipment, including the original assets contributed to the Complex which previously had not been amortized. The statement of fund balances have been restated to reflect this retroactive change. As a result of this change, net earnings decreased by \$662,500 in 1998 and the operating fund balance at April 1, 1998, decreased by \$6,293,750.

3. Summary of significant accounting policies

These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of accounting principles summarized below:

HOYLES ESCASONI COMPLEX

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1999

3. Summary of significant accounting policies (Continued)

a) Capital assets

Original capital assets transferred to the Complex:

On October 1, 1987, the land, buildings and furniture and equipment of the two facilities became the responsibility of the Board of Directors of the Complex. The property transferred at this date, however, remains under the legal ownership of the Province of Newfoundland. The financial statements have been prepared to reflect all assets under the responsibility of the Complex. Accordingly, the amounts reported for land, buildings and furniture and equipment include an estimate by management of the market value of those assets transferred on October 1, 1987. Management estimated the market value of the land and current replacement costs of the buildings, equipment and furniture as at October 1, 1987, based upon:

- i) estimates by real estate agents as to the current market value of the land based on residential zoning;
- ii) replacement cost of the buildings based on the square footage of the buildings and current construction cost indices; and,
- iii) furniture and equipment based upon similar institutional health facilities replacement costs on a per bed basis.

The valuation of the capital assets at October 1, 1987 was as follows:

Land	\$ 650,000
Buildings	16,100,000
Furniture and equipment	<u>3,900,000</u>
	<u>\$ 20,650,000</u>

Capital assets acquired after October 1, 1987:

Additions subsequent to October 1, 1987, for buildings, furniture and equipment are recorded at cost.

Expenditures incurred by the Complex which will substantially increase the useful value or the useful service life of a capital asset are capitalized.

HOYLES ESCASONI COMPLEX

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1999

3. Summary of significant accounting policies (Continued)

b) Amortization of capital assets

Amortization is calculated on the straight line method at rates based on the following estimated life expectancies:

Buildings	40 years
Furniture and Equipment	15 years
Computer Equipment	5 years
Automotive Equipment	5 years

c) Inventory of supplies

Inventory is valued at the lower of cost and replacement value.

d) Vacation pay

Vacation pay is accrued for all employees as entitlement to these payments is earned.

e) Revenue recognition

The Complex follows the deferral method of accounting for contributions which include donations and government grants. Under this method restricted capital contributions are recognized as revenue in the period in which the related expenses are incurred. Unrestricted contributions are reported as revenue when received or receivable.

f) Severance pay

Severance pay is accrued for all employees for which the right to such compensation is vested. As the Province of Newfoundland and Labrador funds the Board on a cash basis, this item is disclosed as non-shareable.

g) Accounting for transactions with the Department of Health and Community Services of the Province of Newfoundland and Labrador

The Complex is reimbursed for the total of its operating costs after deductions of specified revenue and expenditures. The final amount to be received by the Complex for the 1999 fiscal year will not be determined until the Department has completed its review of the Complex's financial statements. Adjustments resulting from the Department's review and final position statements will be reflected in the year of assessment.

HOYLES ESCASONI COMPLEX

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1999

3. Summary of significant accounting policies (Continued)

h) Use of accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates, however, such differences would not be expected to have a material impact on these financial statements.

4. Cash

Cash is represented by funds on deposit in a Canadian chartered bank.

5. Receivables

	1999	1998
St. John's Nursing Home Board	\$ 466,056	\$ -
Residents, insurers and others	247,349	152,563
HST rebate receivable from federal government	25,920	21,695
	<u>\$ 739,325</u>	<u>\$ 174,258</u>

6. Capital assets

	1999		1998	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 650,000	\$ -	\$ 650,000	\$ 650,000
Buildings	21,663,866	5,588,069	16,075,797	16,617,393
Equipment	6,367,712	4,235,775	2,131,937	2,397,163
Vehicles	76,982	76,982	-	-
	<u>\$28,758,560</u>	<u>\$ 9,900,826</u>	<u>\$18,857,734</u>	<u>\$ 19,664,556</u>

HOYLES ESCASONI COMPLEX

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1999

7. Deferred capital contributions

Deferred capital contributions represents the unamortized portion of restricted contributions relating to capital assets which will be reported in revenue in future accounting periods.

Deferred capital contributions are amortized on a straight line basis at a rate consistent with the amortization rate for the related asset purchased.

8. Financial instruments

The carrying amounts of accounts receivable, accounts payable and accrued liabilities approximate fair value because of the short maturity of these financial instruments.

9. Change in non-cash operating working capital

	<u>1999</u>	<u>1998</u>
Receivables	\$ (565,067)	\$ 69,409
Inventory of supplies	1,582	(10,952)
Prepaid expenses	(965,656)	-
Payable and accruals	137,211	89,718
Accrued vacation pay	69,230	48,968
Payable to the Province of Newfoundland	-	(5,004)
Due to HEC Foundation Inc.	-	17,418
	<u>\$ (1,322,700)</u>	<u>\$ 209,557</u>

10. Pension plan

Substantially all of the employees of the Complex are members of the public service pension plan of the Government of Newfoundland. Contributions to the plan made during the year amounted to \$606,050 and are included in the employee benefits in the Operating Fund's statement of revenues and expenditures.

The Complex is obligated to match past service contributions made by employees. The past pension service expenditures are charged to income as incurred.

HOYLES ESCASONI COMPLEX

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1999

11. Year 2000 issue

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date sensitive systems may recognize the Year 2000 as 1900 or some other date, resulting in errors when information using Year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 issue affecting the Complex, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

12. Certain figures presented for comparative purposes have been restated to conform to the current year's presentation.

SCHEDULE 1

HOYLES ESCASONI COMPLEX

**SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 1999**

	<u>1999</u>	<u>1998</u>
Administration		
Executive offices	\$ 200,489	\$ 825,009
Finance	190,835	86,733
Human resources	170,314	215,189
Information systems	70,413	44,836
Telecommunications	86,553	106,284
Materials management	115,285	136,453
Volunteer services	41,701	65,533
Education	64,746	51,957
	<u>940,336</u>	<u>1,531,994</u>
Support		
Housekeeping	1,351,619	1,517,072
Laundry	838,672	877,178
Plant operations	1,074,707	887,160
Resident transportation	44,713	27,856
Food services	3,318,074	3,241,088
	<u>6,627,785</u>	<u>6,550,354</u>
Resident care		
Nursing administration	1,005,982	1,071,144
Long term care	12,580,505	12,269,266
Physiotherapy	181,785	165,735
Occupational therapy	78,569	73,746
Social work	226,286	202,870
Recreation therapy	308,354	305,029
	<u>14,381,481</u>	<u>14,087,790</u>
Total expenditures	<u>\$ 21,949,602</u>	<u>\$ 22,170,138</u>

SCHEDULE 2

HOYLES ESCASONI COMPLEX

SCHEDULE OF REVENUE AND EXPENDITURE FOR GOVERNMENT REPORTING
MARCH 31, 1999

	1999	1998
Revenue		
Provincial plan	\$ 18,482,720	\$ 18,149,402
Residents	3,834,870	3,934,345
Interest		85,262
Other	135,703	200,021
Total revenue	<u>22,453,293</u>	<u>22,369,030</u>
Expenditure		
Salaries	15,788,175	15,453,676
Employee benefits	3,464,226	3,436,826
Supplies - regular	2,331,815	2,892,350
Supplies - drugs	31,116	24,740
Supplies - medical and surgical	334,270	362,546
Total expenditure	<u>21,949,602</u>	<u>22,170,138</u>
Surplus for government reporting	503,691	198,892
Funding for prior years' working capital deficits	<u>345,018</u>	
Surplus before non-shareable items	848,709	198,892
Adjustments for non-shareable items		
Amortization of deferred contributions	177,572	147,628
Amortization of capital assets	(976,215)	(1,000,528)
Accrued vacation pay	(69,230)	(48,968)
Accrued severance pay	(198,829)	(283,350)
Excess of expenditures over revenue	<u>\$ (217,993)</u>	<u>\$ (986,326)</u>

SCHEDULE 3

HOYLES ESCASONI COMPLEX

SCHEDULE OF CAPITAL TRANSACTIONS
 FUNDING AND EXPENDITURE FOR GOVERNMENT REPORTING
 MARCH 31, 1999

	<u>1999</u>	<u>1998</u>
Sources of funds		
Provincial capital grants in current year	\$ 169,393	\$ 275,309
Capital contribution from Hoyles Escasoni Foundation Inc.	<u>-</u>	<u>109,335</u>
Total funding	169,393	384,644
Expenditure		
Purchase of capital assets	<u>169,393</u>	<u>482,702</u>
Deficit on capital purchases	<u>\$ -</u>	<u>\$ (98,058)</u>

SCHEDULE 4

HOYLES ESCASONI COMPLEX

SCHEDULE OF ACCUMULATED OPERATING SURPLUS (DEFICIT)
FOR GOVERNMENT REPORTING
FOR THE YEAR ENDED MARCH 31, 1999

	<u>1999</u>	<u>1998</u>
Current assets		
Cash	\$ 881,709	\$ 1,424,930
Accounts receivable	739,325	174,258
Inventory	99,491	101,073
Prepaid expenses	<u>965,656</u>	<u>-</u>
Total current assets	<u>2,686,181</u>	<u>1,700,261</u>
Current liabilities		
Payables and accruals	<u>2,178,854</u>	<u>2,041,643</u>
Total current liabilities	<u>2,178,854</u>	<u>2,041,643</u>
Accumulated operating surplus (deficit)	<u>\$ 507,327</u>	<u>\$ (341,382)</u>

HOYLES-ESCASONI COMPLEX

REPORT AND FINANCIAL STATEMENTS

MARCH 31, 2000



AUDITORS' REPORT

To the Members of the Board of Directors
St. John's Nursing Home Board

We have audited the balance sheet of the Hoyles-Escasoni Complex as at March 31, 2000, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Complex's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Complex as at March 31, 2000, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

St. John's, Newfoundland
July 27, 2000.

Deloitte & Touche LLP
Chartered Accountants

HOYLES-ESCASONI COMPLEX

BALANCE SHEET AS AT MARCH 31, 2000

	2000	1999
ASSETS		
Current		
Cash (Note 4)	\$ 771,084	\$ 881,709
Accounts receivable (Note 5)	712,001	739,325
Inventory	101,156	99,491
Prepaid expenses	9,846	965,656
	<u>1,594,087</u>	<u>2,686,181</u>
Residents' trust funds	625,510	555,023
Capital assets (Note 6)	<u>18,142,226</u>	<u>18,857,734</u>
	<u>\$ 20,361,823</u>	<u>\$ 22,098,938</u>

LIABILITIES		
Current		
Payables and accruals	\$ 1,501,716	\$ 2,178,854
Accrued vacation pay	773,161	673,473
Deferred capital grants	71,500	-
	<u>2,346,377</u>	<u>2,852,327</u>
Accrued severance pay	3,168,180	2,839,179
Residents' trust funds	625,510	555,023
Deferred capital contributions (Note 7)	<u>2,645,522</u>	<u>2,562,384</u>
	<u>8,785,589</u>	<u>8,808,913</u>

NET ASSETS		
Invested in capital assets	15,496,705	16,295,350
Unappropriated	<u>(3,920,471)</u>	<u>(3,005,325)</u>
	<u>11,576,234</u>	<u>13,290,025</u>
	<u>\$ 20,361,823</u>	<u>\$ 22,098,938</u>

Approved on behalf of the Board:

R. Williams Director

H. Smack Director

See accompanying notes to financial statements

HOYLES-ESCASONI COMPLEX

STATEMENT OF REVENUES AND EXPENDITURES FOR THE YEAR ENDED MARCH 31, 2000

	2000	1999
Revenues		
Provincial plan	\$ 18,829,212	\$ 18,482,720
Residents	3,797,176	3,834,870
Other	675,284	499,615
	<u>23,301,672</u>	<u>22,817,205</u>
Expenditures		
Administration	826,371	837,539
Support	7,240,682	6,794,905
Resident care	14,832,612	13,809,280
Diagnostic and therapeutic services	841,528	806,542
Education	46,937	65,248
	<u>23,788,130</u>	<u>22,313,514</u>
Surplus (deficit) on operations	(486,458)	503,691
Funding for prior years' working capital deficits	-	345,018
Surplus (deficit) before non-shareable items	(486,458)	848,709
Adjustments for non-shareable items		
Amortization of deferred capital contributions	192,471	177,572
Amortization of capital assets	(991,116)	(976,215)
Accrued vacation pay	(99,688)	(69,230)
Accrued severance pay	(329,000)	(198,829)
Excess of expenditures over revenues	<u>\$ (1,713,791)</u>	<u>\$ (217,993)</u>

See accompanying notes to financial statements.

HOYLES-ESCASONI COMPLEX

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2000

	Net Assets			1999 Total
	Invested in Capital Assets	Unappropriated	2000 Total	
Balance beginning of year	\$ 16,295,350	\$ (3,005,325)	\$ 13,290,025	\$ 16,148,368
As previously reported	-	-	-	(2,640,350)
Adjustment for severance accrual (Note 2)	16,295,350	(3,005,325)	13,290,025	13,508,018
Excess of expenditures over revenues	(798,645)	(915,146)	(1,713,791)	(217,993)
Balance, end of the year	\$ 15,496,705	\$ (3,920,471)	\$ 11,576,234	\$ 13,290,025

See accompanying notes to financial statements.

HOYLES-ESCASONI COMPLEX

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2000

	2000	1999
Operating activities		
Excess of expenditures over revenues	\$ (1,713,791)	\$ (217,993)
Items not requiring (generating) cash		
Amortization of capital assets	991,116	976,215
Amortization of deferred capital contributions	(192,471)	(177,572)
Increase in accrued severance pay	329,000	198,829
	(586,146)	779,479
Change in non-cash working capital (Note 8)	475,521	(1,322,700)
	(110,625)	(543,221)
Investing activity		
Building improvements and equipment purchases	(275,609)	(169,393)
Financing activity		
Building and equipment grants	275,609	169,393
Decrease in cash	(110,625)	(543,221)
Cash, beginning of the year	881,709	1,424,930
Cash, end of the year	\$ 771,084	\$ 881,709

See accompanying notes to financial statements.

HOYLES-ESCASONI COMPLEX

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2000

1. Nature of operations

The Hoyles-Escasoni Complex (the "Complex") is a 398 bed facility which provides long-term care services in St. John's, Newfoundland. The Complex was established on October 1, 1987, by the Province of Newfoundland which transferred the operations of the Hoyles Home and Escasoni Senior Citizens Complex to the Complex which is operated by the St. John's Nursing Home Board. The Complex is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

2. Change in method of accounting for severance pay

During 1999, the Complex adopted the CICA Handbook provision relating to severance pay. This provision requires the Complex to accrue severance pay for all employees with nine years or more of service. Severance is accrued at the rate of one week per year of service to a maximum of twenty weeks. No provision is made for employees with less than nine years severance. The comparative statement of net assets for 1999 has been restated to reflect this retroactive change. As a result of this change, net earnings decreased by \$198,829 in 1999 and the operating fund balance at April 1, 1998, decreased by \$2,640,350.

3. Summary of significant accounting policies

These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of accounting principles summarized below:

a) Capital assets

Original capital assets transferred to the Complex:

On October 1, 1987, the land, buildings and furniture and equipment of the two facilities became the responsibility of the Board of Directors of the Complex. The property transferred at this date, however, remains under the legal ownership of the Province of Newfoundland. The financial statements have been prepared to reflect all assets under the responsibility of the Complex. Accordingly, the amounts reported for land, buildings and furniture and equipment include an estimate by management of the market value of those assets transferred on October 1, 1987. Management estimated the market value of the land and current replacement costs of the buildings, equipment and furniture as at October 1, 1987, based upon:

HOYLES-ESCASONI COMPLEX

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2000

3. Summary of significant accounting policies (Continued)

a) Capital assets (Continued)

- i) estimates by real estate agents as to the current market value of the land based on residential zoning;
- ii) replacement cost of the buildings based on the square footage of the buildings and current construction cost indices; and,
- iii) furniture and equipment based upon similar institutional health facilities replacement costs on a per bed basis.

The valuation of the capital assets at October 1, 1987 was as follows:

Land	\$ 650,000
Buildings	16,100,000
Furniture and equipment	<u>3,900,000</u>
	<u>\$ 20,650,000</u>

Capital assets acquired after October 1, 1987:

Additions subsequent to October 1, 1987, for buildings, furniture and equipment are recorded at cost.

Expenditures incurred by the Complex which will substantially increase the useful value or the useful service life of a capital asset are capitalized.

b) Amortization of capital assets

Amortization is calculated on the straight line method at rates based on the following estimated life expectancies:

Buildings	40 years
Furniture and Equipment	15 years
Computer Equipment	5 years
Vehicles	5 years

c) Inventory

Inventory is valued at the lower of cost and replacement value.

HOYLES-ESCASONI COMPLEX

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2000

3. Summary of significant accounting policies (Continued)

d) Vacation pay

Vacation pay is accrued for all employees as entitlement to these payments is earned.

e) Revenue recognition

The Complex follows the deferral method of accounting for contributions which include donations and government grants. Under this method restricted capital contributions are recognized as revenue in the period in which the related expenses are incurred. Unrestricted contributions are reported as revenue when received or receivable.

f) Severance pay

Severance pay is accrued for all employees for which the right to such compensation is vested. As the Province of Newfoundland and Labrador funds the Board on a cash basis, this item is disclosed as non-shareable.

g) Accounting for transactions with the Department of Health and Community Services of the Province of Newfoundland and Labrador

The Complex is reimbursed for the total of its operating costs after deductions of specified revenue and expenditures. The final amount to be received by the Complex for the 2000 fiscal year will not be determined until the Department has completed its review of the Complex's financial statements. Adjustments resulting from the Department's review and final position statements will be reflected in the year of assessment.

h) Use of accounting estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting periods. Actual results could differ from those estimates, however, such differences would not be expected to have a material impact on these financial statements.

i) Financial instruments

The carrying amounts of accounts receivable, payables and accruals approximate fair value because of the short maturity of these financial instruments.

HOYLES-ESCASONI COMPLEX

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2000

4. Cash

Cash is represented by funds on deposit in a Canadian chartered bank.

5. Receivables

	<u>2000</u>	<u>1999</u>
St. John's Nursing Home Board	\$ 350,689	\$ 466,056
Residents, insurers and others	336,865	247,349
HST rebate receivable from federal government	<u>24,447</u>	<u>25,920</u>
	<u>\$ 712,001</u>	<u>\$ 739,325</u>

6. Capital assets

	<u>2000</u>		<u>1999</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 650,000	\$ -	\$ 650,000	\$ 650,000
Buildings	21,747,246	6,131,751	15,615,495	16,075,797
Furniture, equipment and computer equipment	6,559,941	4,683,210	1,876,731	2,131,937
Vehicles	<u>76,982</u>	<u>76,982</u>	<u>-</u>	<u>-</u>
	<u>\$29,034,169</u>	<u>\$10,891,943</u>	<u>\$18,142,226</u>	<u>\$18,857,734</u>

7. Deferred capital contributions

Deferred capital contributions represents the unamortized portion of restricted contributions relating to capital assets which will be reported as revenue in future accounting periods. Deferred capital contributions are amortized on a straight line basis at a rate consistent with the amortization rate for the related asset purchased.

HOYLES-ESCASONI COMPLEX

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2000

7. Deferred capital contributions (Continued)

The changes in deferred capital contribution balance for the year are as follows:

	2000	1999
Balance, beginning of the year	\$ 2,562,384	\$ 2,570,563
Contributions	275,609	169,393
Amortization for the year	<u>(192,471)</u>	<u>(177,572)</u>
Balance, end of the year	<u>\$ 2,645,522</u>	<u>\$ 2,562,384</u>

8. Change in non-cash working capital

	2000	1999
Accounts receivable	\$ 27,326	\$ (565,067)
Inventory	(1,665)	1,582
Prepaid expenses	955,810	(965,656)
Payable and accruals	(677,138)	137,211
Accrued vacation pay	99,688	69,230
Deferred capital grants	<u>71,500</u>	<u>-</u>
	<u>\$ 475,521</u>	<u>\$ (1,322,700)</u>

9. Comparative figures

Certain figures presented for comparative purposes have been restated to conform to the current year's presentation.

SCHEDULE 1

HOYLES-ESCASONI COMPLEX

STATEMENT OF EXPENSES FOR GOVERNMENT REPORTING
FOR THE YEAR ENDED MARCH 31, 2000

	2000	1999
Administration		
Executive offices	\$ 271,864	\$ 200,489
Finance	104,387	190,835
Human resources	237,945	170,314
Information systems	17,603	70,413
Telecommunications	82,158	90,203
Materials management	112,414	115,285
	<u>826,371</u>	<u>837,539</u>
Support		
Housekeeping	1,377,858	1,391,809
Laundry	879,294	852,174
Plant operations	1,238,079	1,074,707
Plant security	64,353	-
Resident transportation	59,295	44,713
Food services	3,576,239	3,389,801
Volunteer services	45,564	41,701
	<u>7,240,682</u>	<u>6,794,905</u>
Resident care		
Nursing administration	861,790	1,006,552
Nursing services	13,970,822	12,802,728
	<u>14,832,612</u>	<u>13,809,280</u>
Diagnostic and therapeutic services		
Physiotherapy	205,944	186,228
Occupational therapy	56,786	78,569
Social work	247,776	226,286
Recreation therapy	331,022	315,459
	<u>841,528</u>	<u>806,542</u>
Education	<u>46,937</u>	<u>65,248</u>
Total expenditures	<u>\$ 23,788,130</u>	<u>\$ 22,313,514</u>

SCHEDULE 2

HOYLES-ESCASONI COMPLEX

STATEMENT OF REVENUES AND EXPENDITURES FOR GOVERNMENT REPORTING
FOR THE YEAR ENDED MARCH 31, 2000

	2000	1999
Revenues		
Provincial plan	\$ 18,829,212	\$ 18,482,720
Residents	3,797,176	3,834,870
Other	<u>675,284</u>	<u>499,615</u>
Total revenues	<u>23,301,672</u>	<u>22,817,205</u>
Expenditures		
Salaries	17,134,782	16,140,037
Employee benefits	3,625,550	3,464,226
Supplies - regular	2,520,274	2,343,865
Supplies - drugs	70,481	31,116
Supplies - medical and surgical	<u>437,043</u>	<u>334,270</u>
Total expenditures	<u>23,788,130</u>	<u>22,313,514</u>
(Deficit) surplus for government reporting	(486,458)	503,691
Funding for prior years' working capital deficits	<u>-</u>	<u>345,018</u>
(Deficit) surplus before non-shareable items	(486,458)	848,709
Non-shareable items		
Amortization of deferred capital contributions	192,471	177,572
Amortization of capital assets	(991,116)	(976,215)
Accrued vacation pay	(99,688)	(69,230)
Accrued severance pay	<u>(329,000)</u>	<u>(198,829)</u>
Deficit inclusive of non-shareable items	<u>\$ (1,713,791)</u>	<u>\$ (217,993)</u>

SCHEDULE 3

HOYLES-ESCASONI COMPLEX

STATEMENT OF CAPITAL TRANSACTIONS
FUNDING AND EXPENDITURE FOR GOVERNMENT REPORTING
FOR THE YEAR ENDED MARCH 31, 2000

	2000	1999
Sources of funds		
Provincial capital grant in current year	\$ 314,587	\$ 169,393
Capital contribution from Hoyles Escasoni Foundation Inc.	32,522	-
Less: Deferred capital grant from current year	<u>(71,500)</u>	<u>-</u>
Total funding	275,609	169,393
Expenditure		
Purchase of capital assets	<u>275,609</u>	<u>169,393</u>
Deficit on capital purchases	<u>\$ -</u>	<u>\$ -</u>

SCHEDULE 4

HOYLES-ESCASONI COMPLEX

STATEMENT OF ACCUMULATED OPERATING SURPLUS
 FOR GOVERNMENT REPORTING
 FOR THE YEAR ENDED MARCH 31, 2000

	2000	1999
Current assets		
Cash	\$ 771,084	\$ 881,709
Accounts receivable	712,001	739,325
Inventory	101,156	99,491
Prepaid expenses	9,846	965,656
Total current assets	<u>1,594,087</u>	<u>2,686,181</u>
Current liabilities		
Payables and accruals	1,501,716	2,178,854
Deferred capital grants	71,500	-
Total current liabilities	<u>1,573,216</u>	<u>2,178,854</u>
Accumulated operating surplus	<u>\$ 20,871</u>	<u>\$ 507,327</u>

**THE JOHN CABOT (1997) 500TH
ANNIVERSARY CORPORATION
FINANCIAL STATEMENTS
31 MARCH 2000**



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Directors
The John Cabot (1997) 500th
Anniversary Corporation
St. John's, Newfoundland

I have audited the balance sheet of The John Cabot (1997) 500th Anniversary Corporation as at 31 March 2000 and the statement of revenue, expenditure and surplus for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Elizabeth Marshall

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
21 June 2000

THE JOHN CABOT (1997) 500TH ANNIVERSARY CORPORATION

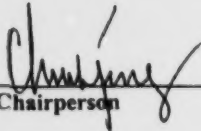
BALANCE SHEET

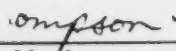
31 MARCH 2000

	<u>2000</u>	<u>1999</u>
ASSETS		
Current		
Cash	\$49,471	\$192,983
Accounts receivable	<u>418</u>	<u>3,682</u>
	<u>\$49,889</u>	<u>\$196,665</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 4,894	\$ 3,975
SHAREHOLDERS' EQUITY		
Surplus	<u>44,995</u>	<u>192,690</u>
	<u>\$49,889</u>	<u>\$196,665</u>
Contingent liabilities (Note 2)		

See accompanying notes

Signed on behalf of the Corporation:


Chairperson


Member

THE JOHN CABOT (1997) 500TH ANNIVERSARY CORPORATION

STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS

FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u>	<u>1999</u>
REVENUE		
Interest	\$ 5,065	\$ 8,139
Other	<u>136</u>	<u>-</u>
	<u>5,201</u>	<u>8,139</u>
 EXPENDITURE		
Fees and subscriptions	-	810
Main events	-	20,019
Office	105	384
Professional fees	2,791	3,975
Travel	<u>-</u>	<u>465</u>
	<u>2,896</u>	<u>25,653</u>
 Excess of revenue over expenditure (expenditure over revenue)	2,305	(17,514)
 Surplus, beginning of year	192,690	210,204
 Return of surplus to Province	<u>(150,000)</u>	<u>-</u>
 Surplus, end of year	<u>\$ 44,995</u>	<u>\$192,690</u>

See accompanying notes

THE JOHN CABOT (1997) 500TH ANNIVERSARY CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

Authority

The John Cabot (1997) 500th Anniversary Corporation (the Corporation) was incorporated under the Corporation's Act on 22 May 1992. The Corporation's mandate was to plan, organize and oversee events to mark the significance of the 500th Anniversary of the voyage of John Cabot to Newfoundland and Labrador. This mandate has been completed.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with generally accepted accounting principles.

2. Contingent liabilities

- (a) In November 1995 all employees of the Corporation had their employment contracts terminated. Several of these employees have commenced legal action against the Corporation for wrongful dismissal. On 30 December 1999, the Supreme Court of Newfoundland Trial Division ruled in favour of the plaintiffs and the value of the damages to be awarded to the plaintiffs is currently being negotiated. The expected value of these damages is approximately \$1.1 million. The Corporation and the Province were both named as defendants in the case and the judgement has been awarded jointly and severally against both defendants.

(b) Non-Resident Withholding Taxes

The Corporation is contingently liable to Canada Customs and Revenue Agency for failure to deduct non-resident withholding taxes on amounts paid to the Bristol International Festival of The Sea Limited (The Matthew). If an assessment is issued by Canada Customs and Revenue Agency the amount of the withholding tax liability would exceed \$130,000 plus an indeterminate amount of interest and penalties.

The Minister of National Revenue has a discretionary authority to assess a person who fails to make an assessment. Consequently, under laws of general application, the Minister need not issue this assessment.

It is the Corporation's view that Canada Customs and Revenue Agency should not issue an assessment against the Corporation as the Corporation is constitutionally immune from such an assessment.

3. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities, the carrying value of which approximate fair value due to the normal trade credit terms and conditions of these instruments.

THE JOHN CABOT (1997) 500TH ANNIVERSARY CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

4. Income taxes

The Corporation is a Crown corporation of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

5. Comparative figures

The comparative figures were audited by another chartered accountant. Certain comparative figures have been reclassified to conform to the current year's presentation.

LABRADOR SCHOOL BOARD

**AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 1999

WALTER P. MILLER & COMPANY

Chartered Accountants

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Principal
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AUDITORS' REPORT

To the Members of the Labrador School Board

We have audited the balance sheet of the current and capital funds of the Labrador School Board as at June 30, 1999, and the statements of current revenues, expenditures and Board equity (deficit), and changes in capital fund for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 1999, and the results of its operations and changes in its capital financial position for the year then ended in accordance with generally accepted accounting principles as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

Walter P. Miller & Company
CHARTERED ACCOUNTANTS

St. John's, Newfoundland
July 30, 1999

**LABRADOR SCHOOL BOARD
BALANCE SHEET
AS AT JUNE 30, 1999**

	<u>1999</u> \$	<u>1998</u> \$
<u>ASSETS</u>		
Current		
Accounts receivable (Note 2)	4,212,324	3,334,287
Prepaid expenses (Supp. Infor.)	<u>38,043</u>	<u>93,319</u>
Total Current Assets	<u>4,250,367</u>	<u>3,427,606</u>
Property and equipment (Schedule 7)	<u>41,429,847</u>	<u>41,419,152</u>
Total Assets	<u>45,680,214</u>	<u>44,846,758</u>

LIABILITIES AND BOARD EQUITY

Current liabilities		
Bank indebtedness (Note 3)	126,632	393,901
Accounts payable and accrued (Notes 4 and 6)	4,165,723	3,367,342
Current maturities (Schedule 8)	<u>75,303</u>	<u>38,692</u>
Total Current Liabilities	<u>4,367,658</u>	<u>3,799,935</u>
Accrued severance pay	<u>4,670,775</u>	<u>4,580,438</u>
Long-term debt (Schedule 8 and Note 7)	<u>504,173</u>	<u>322,009</u>
Contingent liability (Note 6)		
Investment in capital assets (Note 5)	41,107,837	41,058,450
Restricted fund - Labrador West School Committee (Note 10)	82,887	-
Board deficit	<u>(5,053,116)</u>	<u>(4,914,074)</u>
	<u>36,137,608</u>	<u>36,144,376</u>
	<u>45,680,214</u>	<u>44,846,758</u>

Approved:

Chairman

Treasurer

LABRADOR SCHOOL BOARD
STATEMENT OF CURRENT REVENUES, EXPENDITURES
AND BOARD EQUITY (DEFICIT)
FOR THE YEAR ENDED JUNE 30, 1999

	<u>1999</u> \$	<u>1998</u> \$
Income		
Provincial Government Grants (Schedule 1)	25,832,416	29,081,111
Ancillary Services (Schedule 1)	614,104	575,955
Miscellaneous (Schedule 1)	<u>3,257,720</u>	<u>3,667,876</u>
	<u>29,704,240</u>	<u>33,324,942</u>
Current Expenditures		
Administration (Schedule 2)	1,214,044	1,394,275
Instruction (Schedule 3)	23,378,167	26,566,903
Operations and maintenance (Schedule 4)	3,268,798	3,378,684
Pupil transportation (Schedule 5)	1,585,570	1,734,598
Ancillary services (Schedule 6)	156,902	134,485
Debt charges (Schedule 8B)	29,184	32,623
Capital expenditure out of revenue	<u>10,695</u>	<u>-</u>
	<u>29,643,360</u>	<u>33,241,568</u>
Excess of revenue over expenditure (expenditure over revenue) before transfer to capital	60,880	83,374
Transfer to capital	<u>(38,692)</u>	<u>(86,957)</u>
Excess of revenue over expenditure (expenditure over revenue) for year	<u>22,188</u>	<u>(3,583)</u>
Board deficit, beginning		
As previously recorded	4,914,074	5,195,735
Reallocation to restricted surplus	82,887	-
Deficit adjustments (Note 9)	78,343	(285,244)
As restated	<u>5,075,304</u>	<u>4,910,491</u>
Retained earnings, ending	<u>5,053,116</u>	<u>4,914,074</u>

LABRADOR SCHOOL BOARD
STATEMENT OF CHANGES IN CAPITAL FUND
FOR THE YEAR ENDED JUNE 30, 1999

	<u>1999</u> \$	<u>1998</u> \$
Capital Receipts		
Bank loan	-	-
Grants		
School construction and equipment	952,811	366,656
Capital expenditure from revenue	10,695	-
Proceeds on sale of capital assets	-	601
Transfer from current fund	38,692	86,957
Total Capital Receipts	<u>1,002,198</u>	<u>454,214</u>
Capital Disbursements		
Additions to Property, Equipment and Buildings (Schedule 7)	963,506	410,026
Principal repayment of loans (Schedule 8A)	38,692	44,188
Total Capital Disbursements	<u>1,002,198</u>	<u>454,214</u>

LABRADOR SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

1. Significant Accounting Policies

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as accounting procedures in which a self-balancing group of accounts is provided for each fund". It is customary for School Boards to account separately for the current and capital funds. A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting, is as follows:

- (A) Grants received by the Board are recorded in either the current or capital funds depending on their source.
- (B) Capital asset additions are recorded as full cost on the balance sheet. Capital asset disposals are recorded at original cost as a reduction in the capital asset and investments in capital assets accounts. Proceeds from disposals are treated as capital receipts.
- (C) The Board does not calculate or record amortization on any its capital assets.
- (D) All capital expenditures financed out of current revenue funds are recorded as expenditures in the current account.
- (E) Principal repayments of bank loans are recorded as Capital Expenditures.

2. Accounts Receivable

	<u>1999</u>	<u>1998</u>
	\$	\$
Current		
Federal Government	171,919	121,580
Provincial Government	3,928,187	3,056,674
Innu Nation	7,454	17,845
Travel advances and miscellaneous	104,764	138,188
	<u>4,212,324</u>	<u>3,334,287</u>

LABRADOR SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

3. Bank Indebtedness

Bank overdraft is comprised of a current account balance (overdraft) of \$(126,632) (1998 - \$16,099 and an operating line of \$Nil (1998 - \$410,000) which bears interest at a rate of prime less 1/4% and is secured by a guarantee of the Department of Education.

4. Accounts Payable and Accrued Liabilities

	<u>1999</u>	<u>1998</u>
	\$	\$
Current (Note 7)		
Trade payables	771,846	209,448
Accrued liabilities	3,002,201	3,018,422
Payroll deductions	-	2,916
Deferred revenue	357,673	124,633
Other	33,998	18,923
	<u>4,165,718</u>	<u>3,367,342</u>

5. Investment in Capital Assets

	<u>1999</u>	<u>1998</u>
	\$	\$
Investment in capital assets, beginning of year	41,058,450	40,638,960
Add: Grants - Contribution for capital construction	10,695	366,655
Transfer from current fund	38,692	86,957
Proceeds on disposal of capital assets	-	601
	<u>49,387</u>	<u>454,213</u>
Less: Cost of assets disposed	-	(34,723)
Investment in capital assets, end of year	<u>41,107,837</u>	<u>41,058,450</u>

6. Contingent Liability

- The Lavers Inquiry is currently investigating allegations of abuse at schools formerly run by the churches in certain parts of Labrador. The possibility or magnitude of any resulting liability arising to the board is not known.

There presently exists an undetermined contingent liability which has arisen concerning a dispute between the Roman Catholic Diocese of Labrador City/Schefferville and the Labrador School Board over ownership of rental monies derived from Notre Dame Academy.

LABRADOR SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

7. Long-term Debt

Principal payments required to meet debt retirement provisions during the next five years are as fol

	\$
2000	75,303
2001	75,303
2002	75,303
2003	75,303
2004	75,303

8. Other Matters

Effective January 1, 1997, the Labrador School Board was formed through the amalgamation of the Labrador West Integrated School Board, the Labrador East Integrated School Board and the Roman Catholic School Board for Labrador.

The amalgamation was accounted for using the pooling of interests method, whereby the assets and liabilities of each School Board were combined to become the assets of the new Labrador School Board. The amalgamated balance sheet at January 1, 1997 was comprised as follows:

LABRADOR SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

8. Other Matters (Continued)

	Roman Catholic School Board for Labrador	Labrador West Integrated School Board	Labrador East Integrated School Board	Labrador School Board
	\$	\$	\$	\$
<u>ASSETS</u>				
Current				
Cash	252,709	-	-	65,308
Accounts receivable	686,889	415,107	151,123	1,253,119
Prepaid expenses	-	-	144,550	144,550
	<u>939,598</u>	<u>415,107</u>	<u>295,673</u>	<u>1,462,977</u>
Capital assets	<u>12,056,165</u>	<u>9,598,988</u>	<u>18,320,689</u>	<u>39,975,842</u>
	<u>12,995,763</u>	<u>10,014,095</u>	<u>18,616,362</u>	<u>41,438,819</u>
<u>LIABILITIES</u>				
Current				
Bank indebtedness	-	80,912	106,489	-
Accounts payable	688,510	329,901	289,858	1,308,269
Current portion of long-term debt	<u>21,440</u>	<u>8,334</u>	<u>19,000</u>	<u>48,774</u>
	<u>709,950</u>	<u>419,147</u>	<u>415,347</u>	<u>1,357,043</u>
Accrued severance pay	<u>254,874</u>	<u>278,568</u>	<u>125,547</u>	<u>658,989</u>
Long-term debt	<u>99,176</u>	<u>6,250</u>	<u>379,699</u>	<u>485,125</u>
	<u>1,064,000</u>	<u>703,965</u>	<u>920,593</u>	<u>2,501,157</u>
<u>EQUITY</u>				
Surplus (deficit)	(3,786)	(274,274)	(226,221)	(504,281)
Investment in capital asset	<u>11,935,549</u>	<u>9,584,404</u>	<u>17,921,990</u>	<u>39,441,943</u>
	<u>11,931,763</u>	<u>9,310,130</u>	<u>17,695,769</u>	<u>38,937,662</u>
	<u>12,995,763</u>	<u>10,014,095</u>	<u>18,616,362</u>	<u>41,438,819</u>

LABRADOR SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

9. Deficit Adjustments

	<u>1999</u> \$	<u>1998</u> \$
Adjustment to accounts receivable.	22,575	-
Adjustment to severance pay accrual for prior years	50,700	(374,029)
Retroactive pay to staff as a result of current signing of collective agreement.	5,068	85,722
Adjustment of prior year's special bussing revenue.	<u>-</u>	<u>3,063</u>
	<u>78,343</u>	<u>(285,244)</u>

10. Restricted Surplus

Restricted surplus represents unexpended funding received during the year for the benefit of the Labrador West School Committee. The available funds must be expended in Labrador West.

SCHEDULE 1

**LABRADOR SCHOOL BOARD
CURRENT REVENUES
FOR THE YEAR ENDED JUNE 30, 1999**

	<u>1999</u> \$	<u>1998</u> \$
Current Revenues		
Provincial Government Grants		
Regular	4,711,858	4,691,429
Special grants	67,200	176,027
Salaries and benefits		
Superintendents and assistant superintendents	264,212	311,670
Regular teachers	19,368,745	22,249,082
Pupil transportation	1,420,401	1,652,903
	<u>25,832,416</u>	<u>29,081,111</u>
Ancillary Services		
Revenues from rental of properties	<u>614,104</u>	<u>575,955</u>
Miscellaneous		
Interest on investments	11,838	12,813
Mining company grant	1,426,000	1,434,000
Operating revenues from Native Peoples Grant	1,669,340	1,593,805
Innu National Grant	-	132,391
Sundry revenue	102,367	80,755
Textbook revenue	-	92,985
Federal Government Grants	-	133,096
Grant - International Grenfell Association	-	84,141
Francophone Programs	48,175	103,890
	<u>3,257,720</u>	<u>3,667,876</u>
Total Current Revenues	<u>29,704,240</u>	<u>33,324,942</u>

SCHEDULE 2**LABRADOR SCHOOL BOARD
ADMINISTRATION EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1999**

	<u>1999</u>	<u>1998</u>
	\$	\$
Salaries and Benefits		
Superintendents and assistant superintendents	324,638	376,004
Board office personnel	514,931	515,318
Office supplies	28,784	28,749
Replacement furniture and equipment	1,831	4,483
Postage	17,324	18,153
Telephone	50,870	66,276
Office equipment rentals and repairs	28,181	39,492
Electricity	10,587	11,763
Insurance	2,032	9,350
Travel	86,143	101,497
Board meeting expenses	33,655	73,564
Professional fees	35,818	32,099
Advertising	34,817	32,442
Membership dues	24,371	25,977
Municipal service fees	4,040	2,150
Miscellaneous	5,108	17,740
Payroll tax	10,675	10,757
Repairs and maintenance	239	822
Rent	-	27,649
Total Administration Expenditures	1,214,044	1,394,275

SCHEDULE 3

**LABRADOR SCHOOL BOARD
INSTRUCTION EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1999**

	<u>1999</u> \$	<u>1998</u> \$
Instructional salaries (gross)		
Teachers' salaries		
Regular	16,785,035	19,931,040
Substitute	527,559	459,038
Board paid	48,912	73,897
Employee benefits	1,738,830	1,795,463
Augmentation payments	718,446	828,757
Northern travel	240,396	245,673
School secretaries		
Salaries and benefits	448,614	451,147
Librarians		
Salaries and benefits	115,714	118,626
Payroll tax	164	1,642
Other instructional salaries and benefits	900,883	822,950
	<u>21,524,553</u>	<u>24,728,233</u>
Instructional materials		
General supplies	326,025	286,299
Library resource materials	31,020	35,480
Teaching aids	112,851	145,616
Labrador West funds	125,907	-
Textbooks	-	91,722
Grenfell Library Program	600,806	532,525
Other	135	83,167
	<u>1,196,744</u>	<u>1,174,809</u>
Instructional furniture and equipment		
Replacement	52,178	220,099
Rentals and repairs	101,524	127,067
	<u>153,702</u>	<u>347,166</u>
Instructional staff travel		
Program co-ordinators	127,125	131,994
Teachers' travel	35,702	11,807
Students' travel	35,286	11,975
Inservice and conferences	267,097	150,029
	<u>465,210</u>	<u>305,805</u>
Other instructional		
Postage	4,259	10,817
Secondary V subsidy	33,699	73
	<u>37,958</u>	<u>10,890</u>
Total Instruction Expenditures	<u>23,378,167</u>	<u>26,566,903</u>

SCHEDULE 4

**LABRADOR SCHOOL BOARD
OPERATIONS AND MAINTENANCE EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1999**

	<u>1999</u>	<u>1998</u>
	\$	\$
Salaries and benefits		
Janitorial	987,043	1,033,916
Maintenance	457,945	473,152
Computer technologists	127,034	119,166
Payroll tax	25,374	25,918
Electricity	416,594	409,419
Fuel	322,426	419,753
Municipal service fees	34,209	31,138
Telephone	117,584	138,434
Vehicle operating and travel	12,302	23,519
Janitorial supplies	88,798	63,021
Insurance - NDA	4,576	-
Professional fees - NDA	1,102	-
Repairs and maintenance		
Building	419,170	407,152
Equipment	430	1,111
Contracted services		
Janitorial	128,049	121,606
Snow clearing	63,084	66,463
Furnace maintenance	63,078	44,916
	<u>3,268,798</u>	<u>3,378,684</u>
Total Operation and Maintenance Expenditures		

SCHEDULE 5**LABRADOR SCHOOL BOARD
PUPIL TRANSPORTATION EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1999**

	<u>1999</u>	<u>1998</u>
	<u>\$</u>	<u>\$</u>
Contracted Services		
Regular transportation	183,748	386,522
Handicapped	66,334	111,597
Salaries and benefits	896,592	870,112
Debt charges - interest	5,079	115
Gas and oil	167,074	164,113
Repairs and maintenance	191,916	124,484
Office operation	62,447	51,539
Miscellaneous	12,380	26,116
	<u>1,585,570</u>	<u>1,734,598</u>

**LABRADOR SCHOOL BOARD
ANCILLARY SERVICES
FOR THE YEAR ENDED JUNE 30, 1999**

SCHEDULE 6

	<u>1999</u> \$	<u>1998</u> \$
Cost of Ancillary Services		
Operation of teachers' residences	<u>156,902</u>	<u>134,485</u>

SCHEDULE 7

LABRADOR SCHOOL BOARD
DETAILS OF PROPERTY AND EQUIPMENT
FOR THE YEAR ENDED JUNE 30, 1999

	Balance 1998 \$	Additions \$	Disposals \$	Balance 1999 \$
Land and sites	162,526	10,695	-	173,221
Buildings				
School buildings	35,035,320	-	-	35,035,320
Administration buildings	212,807	-	-	212,807
Residential buildings	1,510,343	-	-	1,510,343
Other - maintenance	263,899	-	-	263,899
	<u>37,022,369</u>	<u>-</u>	<u>-</u>	<u>37,022,369</u>
Furniture and equipment	2,852,466	-	-	2,852,466
Vehicles				
Buses	1,292,406	-	-	1,292,406
Service vehicles	89,385	-	-	89,385
	<u>1,381,791</u>	<u>-</u>	<u>-</u>	<u>1,381,791</u>
Total Property and Equipment	<u>41,419,152</u>	<u>10,695</u>	<u>-</u>	<u>41,429,847</u>

963,506

SCHEDULE 8

**LABRADOR SCHOOL BOARD
DETAILS OF LONG-TERM DEBT
FOR THE YEAR ENDED JUNE 30, 1999**

	<u>1999</u> \$	<u>1998</u> \$
Bank of Nova Scotia		
The loan with an original principal balance of \$393,729 is repayable in monthly installments of \$2,988.33 including interest at a rate of prime less 0.25%. The loan is secured by a guarantee of the Department of Education.	322,009	357,869
The loan with an original principal balance of \$267,328 is repayable in monthly installments of \$3,286.91 including interest at a rate of prime less 0.25%. The loan is secured by a guarantee of the Department of Education.	257,467	-
The loan with an original principal balance of \$11,060 is repayable in 16 monthly installments of \$694.00 plus interest at a rate of prime less 0.25%. The loan is secured by a guarantee of the Department of Education.	-	2,832
Long-term debt	579,476	360,701
Less: Current portion	75,303	38,692
Total long-term debt, net of current liabilities	<u>504,173</u>	<u>322,009</u>

SCHEDULE 8A

**LABRADOR SCHOOL BOARD
SCHEDULE OF LONG-TERM DEBT
FOR THE YEAR ENDED JUNE 30, 1999**

	<u>Reference Number</u>	<u>Rate</u>	<u>Balance, Beginning of Year</u> \$	<u>Loans Obtained During Year</u> \$	<u>Principal Repayment for Year</u> \$	<u>Balance, End of Year</u> \$
Building Construction	1	Prime -.25%	357,869	-	35,860	322,009
Computer	2	Prime -.25%	2,832	-	2,832	-
Bus Acquisition	3	Prime -.25%	-	267,328	9,861	257,467
			<u>360,701</u>	<u>267,328</u>	<u>48,553</u>	<u>579,476</u>

SCHEDULE 8B**LABRADOR SCHOOL BOARD
SCHEDULE OF DEBT CHARGES
FOR THE YEAR ENDED JUNE 30, 1999**

	<u>1999</u>	<u>1998</u>
	\$	\$
Building construction	22,097	21,536
Other	<u>7,087</u>	<u>11,087</u>
	<u>29,184</u>	<u>32,623</u>

LABRADOR SCHOOL BOARD
SUPPLEMENTARY INFORMATION
JUNE 30, 1999

	<u>1999</u>	<u>1998</u>
	\$	\$
Prepaid expenses		
Current		
Municipal service fees	3,000	12,354
Textbooks and school supplies	24,738	54,177
Janitorial supplies	3,294	26,788
Insurance	4,122	-
Travel	2,889	-
	<u>38,043</u>	<u>93,319</u>

LABRADOR TRANSPORTATION INITIATIVE FUND

FINANCIAL STATEMENTS

31 MARCH 2000



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Chairperson and Members
Labrador Transportation Initiative Fund
St. John's, Newfoundland

I have audited the balance sheet of the Labrador Transportation Initiative Fund as at 31 March 2000 and the statement of revenue, expenditure and fund balance for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at 31 March 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Elizabeth Marshall

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
31 May 2000

LABRADOR TRANSPORTATION INITIATIVE FUND

BALANCE SHEET

As at 31 March

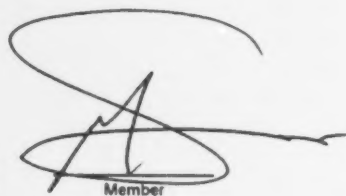
	<u>2000</u> \$	<u>1999</u> \$
ASSETS		
Current		
Cash	12,596	299,537
Investments, at cost (Note 2)	251,327,484	281,361,252
Accrued investment income receivable	8,590,392	6,166,008
	<u>259,930,472</u>	<u>287,826,797</u>
Long-term investment, at cost (Note 2)	-	10,000,000
TOTAL ASSETS	<u>259,930,472</u>	<u>297,826,797</u>
EQUITY		
Fund balance	<u>259,930,472</u>	<u>297,826,797</u>
TOTAL EQUITY	<u>259,930,472</u>	<u>297,826,797</u>

See accompanying notes

Signed on behalf of the Board:



Chairperson



Member

LABRADOR TRANSPORTATION INITIATIVE FUND

STATEMENT OF REVENUE, EXPENDITURE AND FUND BALANCE

For the year ended 31 March

	<u>2000</u>	<u>1999</u>
	\$	\$
REVENUE		
Investment income	14,801,811	16,756,235
EXPENDITURE		
Bank charges	1,358	2,384
Funded initiatives (Note 3)	52,696,778	41,505,892
	<u>52,698,136</u>	<u>41,508,276</u>
Excess of expenditure over revenue	<u>(37,896,325)</u>	<u>(24,752,041)</u>
Fund balance, beginning of year	297,826,797	322,578,838
Fund balance, end of year	<u>259,930,472</u>	<u>297,826,797</u>

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

31 March 2000

Authority

The Labrador Transportation Initiative Fund (the Fund) operates under the authority of the Labrador Transportation Initiative Fund Act enacted 19 December 1997. Its affairs are managed by a board of management (the Board) appointed by the Lieutenant-Governor in Council. All board members are full-time employees of the Province of Newfoundland.

The objective of the Board is to authorize payments from the Fund to the Consolidated Revenue Fund of the Province of Newfoundland for the construction of the Trans Labrador Highway, maintenance of marine and ferry services to Labrador and other Labrador initiatives related to transportation which the Lieutenant-Governor in Council may approve.

1. Significant accounting policies

These financial statements have been prepared by the Board in accordance with generally accepted accounting principles based on the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (CICA). Outlined below is the significant accounting policy followed:

Investment income

Investment income is recorded on a straight line basis over the term of the investments.

2. Investments

Current and long-term investments are valued at face value which approximates market value. Current investments have maturity dates ranging from 7 April 2000 to 16 August 2000 at interest rates which vary from 4.64% to 5.70%.

3. Funded initiatives

The Board approved the following initiatives for the year ended 31 March 2000:

	Approved Amount \$	Actual Claim \$
Trans Labrador Highway	46,000,000	42,977,625
Coastal Labrador Ferry Service	15,334,000	13,766,253
	<u>61,334,000</u>	<u>56,743,878</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2000

3. Funded initiatives (continued)

The actual claim totals are gross of the following adjustments, relating to March, 1999, as submitted by the Department of Works, Services and Transportation during July, 1999:

	\$
Trans Labrador Highway	(1,194,508)
Coastal Labrador Ferry Service	(2,852,592)
	<u>(4,047,100)</u>

The Fund paid the claimed amount noted above to the Department of Works, Services and Transportation representing approved costs incurred.

4. Related party transactions

The Fund is administered by employees of Executive Council and the Department of Finance. These costs of administration are paid directly by the departments and are not reflected in these financial statements.

The following investments were held by the Fund at 31 March:

	2000		1999	
	Carrying Value	Maturity Value	Carrying Value	Maturity Value
	\$	\$	\$	\$
Province of Newfoundland T-Bills	-	-	11,865,240	12,000,000
- Maturing from 15 April 1999 to 20 May 1999				
Newfoundland and Labrador Hydro Short Term Notes	-	-	10,466,376	10,600,000
- Maturing from 20 April 1999 to 20 July 1999				

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2000

5. Financial instruments

The market value of all of the Corporation's financial assets were approximately equal to their carrying value at 31 March 2000 and 1999 due to the short-term nature of these instruments.

6. Income taxes

The Fund is a Crown entity of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member Firm of
Grant Thornton International

Grant Thornton 

**Lewisporte/Gander
School District**

**Financial Statements/
Auditor's Report**

June 30, 1999

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Auditors' Report

To the Members of The Lewisporte/Gander School District

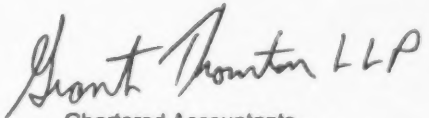
We have audited the balance sheet of the current and capital funds of the Lewisporte/Gander School District as at June 30, 1999, and the related statements of current revenues, expenditures and Board deficiency, and statement of changes in capital fund position for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 1999, and the results of its operations and the changes in its capital financial position for the year then ended in accordance with generally accepted accounting principles and as explained in Note 1 to the financial statements and are in compliance with reporting requirements established for school boards in the Province of Newfoundland and Labrador by the Department of Education.

As required by Section 17 of the Schools Act, we report that all employees collecting, receiving and depositing cash are adequately bonded.

Grand Falls-Windsor, Newfoundland
October 14, 1999


Chartered Accountants

P.O. Box 83
9 High Street
Grand-Falls-Windsor
Newfoundland
A2A 2J3
Tel: (709) 489-6622
Fax: (709) 489-6625
E-mail: GrandFalls@GrantThornton.ca

Lewisporte/Gander School District **Balance Sheet**

June 30 1999 1998

Assets

Current Assets

Cash (Supp. Info 1)		\$ 335,539
Short Term Investments (Supp. Info 2)		
Accounts Receivable (Note 2)	\$ 1,266,625	768,785
Inventory, at cost	22,869	15,194
Prepaid Expenses (Supp. Info 3)	121,600	102,999

Total Current Assets	1,411,094	1,222,517
----------------------	-----------	-----------

Property and Equipment (Sch. 8)	73,774,809	82,476,606
---------------------------------	------------	------------

	\$ 75,185,903	\$ 83,699,123
--	---------------	---------------

Liabilities and Board Equity

Current liabilities

Bank indebtedness (Note 3)	\$ 59,984	
Accounts Payable and Accrued (Note 4)	11,030,536	\$ 10,724,421
Current Maturities (Sch. 9B)	325,457	79,795

Total Current Liabilities	11,415,977	10,804,216
---------------------------	------------	------------

Long Term Debt (Sch. 9)	674,112	455,435
-------------------------	---------	---------

Board Equity

Investment in Capital Assets (Note 6)	73,345,285	82,511,430
Reserve Account - Capital (Note 5)		
Reserve Account - Current (Note 5A)		
Board Deficiency (Note 9)	(10,249,471)	(10,071,958)

Total Board Equity	63,095,814	72,439,472
--------------------	------------	------------

	\$ 75,185,903	\$ 83,699,123
--	---------------	---------------

Approved:  Chairperson

 Treasurer

See accompanying notes.

Lewisporte/Gander School District **Statement of Current Revenues, Expenditures and** **Board Deficiency**

Year Ended June 30	1999	1998
Current Revenues (Schedule 1)		
Local Taxation		
Provincial Government Grants	\$ 49,828,052	\$ 50,946,757
Donations		425
Ancillary Services	43,162	32,450
Miscellaneous	<u>378,256</u>	<u>833,811</u>
	<u>50,249,470</u>	<u>51,813,443</u>
Current Expenditures		
Administration (Schedule 2)	1,183,205	1,424,600
Instruction (Schedule 3)	39,736,471	41,468,005
Operations and Maintenance (Schedule 4)	5,501,124	4,798,686
Pupil Transportation (Schedule 5)	3,592,614	3,624,754
Ancillary Services (Schedule 6)		
Interest Expense (Schedule 9C)	37,921	17,736
Miscellaneous Expenses (Schedule 7)	<u>99,767</u>	<u>14,769</u>
	<u>50,151,102</u>	<u>51,348,550</u>
23 111 Excess of Revenue over Expenditure Before Teacher Severance and Allowance for Uncollectible Government Grants	98,368	464,893
Allowance for Uncollectible Government Grants		<u>(239,871)</u>
Excess of Revenue over Expenditure Before Teacher Severance	98,368	225,022
Teacher Severance	(144,493)	(8,583,758)
Transfer to Capital	<u>(297,531)</u>	<u>(729,457)</u>
Net Decrease in Board Equity	\$ <u>(343,656)</u>	\$ <u>(9,088,193)</u>

See accompanying notes.

Lewisporte/Gander School District **Statement of Changes in Capital Fund**

Year Ended June 30		1999	1998
70	Capital Receipt		
71	Proceeds from Bank Loans		
	011 - School Construction	\$ 277,000	
	012 - Equipment		
	013 - Service Vehicles		
	014 - Pupil Transportation	385,500	
	015 - Other		\$ 190,000
72	SCB Grants		
	011 School Construction and Equipment	222,286	836,407
	012 Other		
73	Donations		
	011 - Cash Receipts		
	012 - Non-Cash Receipts		
	013 - Restricted Use		
74	Sale of Capital Assets Proceeds		
	011 - Land		
	012 - Buildings	76,784	6,036
	013 - Equipment		
	014 - Service Vehicles		
	015 - Pupil Transportation Vehicles	4,361	
	016 - Other		
75	Other Capital Revenues		
	011 - Interest on Capital Fund Investments		
	012 - Premiums on Debentures		
	013 - Recoveries of Expenditures		
	015 - Insurance Proceeds	11,786	
	017 - Miscellaneous		
Total Capital Receipts			
77	Transfer from Reserve Account		729,457
78	Transfer to/from Current Fund	297,531	
Total		\$ 1,275,248	\$ 1,761,900

See accompanying notes

Lewisporte/Gander School District
Statement of Changes in Capital Fund (cont'd)

Year Ended June 30

1999

1998

80 Capital Disbursements

81 Additions to Property and Equipment

011 - Land and Sites	\$ 19,114	\$ 23,514
012 - Building	667,065	1,193,013
013 - Furniture and Equipment - School	1,083	330,440
014 - Furniture and Equipment - Other	3,046	44,769
015 - Services Vehicles		
016 - Pupil Transportation	385,500	153,701
017 - Other	9,309	

82 Principal Repayment of Loans

011 - School Construction	173,668	
012 - Equipment	16,463	16,463
013 - Services Vehicles		
014 - Other		

83 Miscellaneous Disbursements

013 - Other

Total Capital Disbursements

\$ 1,275,248

\$ 1,761,900

See accompanying notes.

Lewisporte/Gander School District

Notes to the Financial Statements

June 30, 1999

1. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self-balancing group of accounts is provided for each fund." It is customary for School Boards to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting, is as follows:

- (a) Grants received by the Board are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenue while those from the Newfoundland and Labrador Education Investment Corporation are recorded as capital revenues.
- (b) Land, buildings and equipment are recorded in the accounts based on estimated values at January 1, 1997. Additions since that date are recorded at full cost in the capital fund.
- (c) The Board does not calculate or record depreciation on any of its fixed assets.
- (d) All capital expenditures financed out of current revenue funds are recorded as an expenditure in the current account.
- (e) Principal Repayment of Pupil Transportation Loans are recorded as Current Expenditures. All other principal repayment of bank loans are recorded as Capital Expenditures.

Severance Pay

The Board has in effect severance pay policies whereby non-teaching staff employees are entitled to a severance payment upon leaving employment with the Board. Under these policies, a permanent employee who has nine (9) or more years of continuous service in the employ of the School Board is entitled to be paid on resignation, retirement, termination by reasons of disability, expiry of recall rights, or in the event of death, to the employee's estate, severance pay equal to the amount obtained by multiplying the number of completed years of continuous employment by his weekly salary to a maximum of twenty (20) weeks pay. This liability for severance pay has been accrued in the accounts for all employees who have a vested right to receive such payments.

Lewisporte/Gander School District Notes to the Financial Statements

June 30, 1999

2. Accounts Receivable		1999	1998
<u>Current</u>			
11 131	Provincial Government Grant	\$ 580,295	\$ 224,247
132	Transportation		
133	Federal Government	123,062	133,439
134	School Taxes		
136	Other School Boards		
137	Rent		
138	Interest		
139	Travel Advances and Misc.	77,777	110,899
 <u>Capital</u>			
11 231	SCB - Construction Grants	311,988	189,574
233	Local Contributions		
234	Other School Boards		
235	Other - Insurance Proceeds (Note 8)	<u>350,497</u>	<u>350,497</u>
		1,443,619	1,008,656
	Less: Allowance for uncollectible Government grants	<u>(176,994)</u>	<u>(239,871)</u>
		<u>\$ 1,266,625</u>	<u>\$ 768,785</u>

3. Bank Indebtedness - Current

21 131	On Operating Credit	\$ (59,984)	
132	On Current Account	\$ (59,984)	\$

Lewisporte/Gander School District **Notes to the Financial Statements**

June 30, 1999

4. Accounts Payable and Accrued		1999	1998
<u>Current</u>			
21 111	Trade Payables	\$ 618,312	\$ 448,565
112	Accrued - Liabilities	25,673	12,000
113	- Interest	1,816	
114	- Wages	223,578	396,612
115	Payroll Deductions	95,518	20,560
116	Retails Sales Tax		
117	Deferred Grants	250,731	268,589
118	Other	1,700	1,700
119	Severance Pay -Regular	1,084,956	992,636
	Teacher	8,728,252	8,583,759
<u>Capital</u>			
21 211	Trade Payables		
212	Accrued - Liabilities		
213	- Interest		
217	Deferred Grants		
218	Other		
		<u>\$11,030,536</u>	<u>\$10,724,421</u>

5. Reserve Account - Capital

Description:

Balance, beginning of year	\$	\$
Less: Transfer to Capital Fund	_____	_____
Add: Transfer from Board Equity	_____	_____
Balance, end of year	\$ _____	\$ _____

Lewisporte/Gander School District
Notes to the Financial Statements

June 30, 1999

5A. Reserve Account - Current	<u>1999</u>	<u>1998</u>
Description:		
Balance, beginning of year	\$	\$
Less: Current Expenditures	_____	_____
Add: Transfer from Board Equity	_____	_____
Balance, end of year	\$ _____	\$ _____

Lewisporte/Gander School District

Notes to the Financial Statements

June 30, 1999

6. Investment in Capital Assets	1999	1998
Investment in Capital Assets, opening balance	\$ 82,511,430	\$ 81,013,218
Add:		
Transfer of Operating Funds to Capital Fund	297,531	729,457
Transfer from Reserve		
Grants -SCB - Contribution for Capital Construction		
- Other	222,286	836,409
- Debt Repayment		
Donations		
Proceeds from Sale of Capital Assets - Land		
- Buildings	76,784	6,036
- Vehicles	4,351	
Interest on Capital Fund Investments		
Repayment and forgiveness of debt	11,786	
Insurance Proceeds - Capital	330,996	
Adjustment to consolidated assets	83,455,164	82,585,120
Deduct Adjustments:		
Cost of Assets Sold - Land	(63,217)	
- Buildings	(8,191,297)	(73,690)
- Equipment	(1,734,956)	
Adjustments to consolidated assets	(128,440)	
	(10,117,910)	(73,690)
Other - Pupil transportation loan payments made by current fund	8,031	
23 221 Investment in Capital Assets, end of year	\$ 73,345,285	\$ 82,511,430

Lewisporte/Gander School District Notes to the Financial Statements

June 30, 1999

7. Commitments

8. Other

- a) The Lewisporte/Gander School District was created on January 1, 1997 as a result of the reorganization of school boards by the Province of Newfoundland and Labrador. Assets, liabilities and equities of the predecessor boards were allocated to the ten (10) new school districts created by the Province, subject to the terms and conditions contained in section 95 of the 1996 Schools Act.
- b) On December 29, 1991 fire partially destroyed the building and contents of Jane Collins Academy in Hare Bay.

School buildings and contents are insured by a Provincial Government blanket policy, covering all the schools in the province which are under the jurisdiction of the Department of Education.

The Board has received \$1,296,841 as a result of its claims for this fire and has recorded an account receivable of \$350,497 (Note 2). The funds received have essentially come from the Provincial Government as a result of its liability for the deductible portion on each insurance claim.

The balance receivable has been submitted to the insurance company for payment. However, the insurance company has indicated that it does not intend to pay this amount because it feels the Board could have reconstructed the school by salvaging some of the damaged materials.

The Board has taken legal action on this matter and has filed a claim against the insurance company. As at the date of the Auditors' Report there has been no indication of the final settlement of this matter.

Lewisporte/Gander School District Notes to the Financial Statements

June 30, 1999

9. Board Deficiency

	<u>1999</u>	<u>1998</u>
Opening Board deficiency	\$(10,071,958)	\$ (763,953)
Less: Collection of prior year doubtful accounts	62,893	
Plus: Adjust scholarship fund relating to prior period	(750)	
Add: Opening deficit recoverable	104,000	(238,755)
Less: Write-off of accounts payable relating to prior boards		25,213
Write-off employee deductions payable relating to prior boards		28,815
Adjust accounts payable relating to prior boards		5,121
Less: Write-off of CECOM holdback payable		10,224
Plus: Receivable relating to prior boards		(37,360)
Plus: Due to Trust Fund from Notre Dame Integrated School Board 1993/94		(13,070)
	(9,905,815)	(983,765)
Net decrease in Board Equity (Page 3)	<u>(343,656)</u>	<u>(9,088,193)</u>
Board Deficiency, end of year	<u>\$(10,249,471)</u>	<u>\$(10,071,958)</u>

Lewisporte/Gander School District

Notes to the Financial Statements

June 30, 1999

10. Department of Education Receivables and Payables

As at June 30, 1999, the Board has recorded the following receivables from the Newfoundland Provincial Government Department of Education.

Amounts due re: air quality projects	\$183,672
Amounts due re: Memorial Academy renovations	67,000
Amounts due re: Greenwood extension	39,591
Amounts due re: distance education	<u>39,963</u>
	<u>\$330,226</u>

Also at June 30, 1999, the Board has recorded the following payables to the Newfoundland Provincial Government Department of Education.

Payable re: surplus of prior year school bus operations	\$115,954
Payable re: Greenwood extension	100,000
Payable re: Memorial Academy renovations	<u>75,334</u>
	<u>\$291,288</u>

The net difference between the accounts receivable and accounts payable from the Department of Education is a receivable of \$38,938 which has been reflected in the financial statements.

As at the date of the audit report, the Newfoundland Provincial Department of Education has not Confirmed the above accounts receivable and accounts payable. It is reasonably possible that the amounts of the above accounts receivable and accounts payable will differ materially from the amounts recorded in the financial statements.

However, the amount of the possible unrecorded receivable or liability cannot be reasonably estimated.

11. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the company, including those related to customers, suppliers, or other third parties, have been fully resolved.

Lewisporte/Gander School District **Current Revenues**

Schedule 1

Year Ended June 30

1999

1998

Current Revenues

31 010	Local Taxation		
011	School Taxes		
32 010	Provincial Government Grants		
011	Regular Operating Grants	\$ 7,539,799	\$ 7,629,600
012	Special Grants (Details on bottom of Schedule 1)	1,107,033	598,910
013	Payroll Tax	649,666	667,745
	Salaries and Benefits		
017	Directors and Assistant Directors	297,947	454,216
021	Regular Teachers	35,031,422	36,481,372
021	Student Assistants	591,408	479,797
022	Substitute Teachers	1,233,713	1,191,480
030	Pupil Transportation		
031	Board Owned	3,169,235	3,278,659
032	Contracted	76,628	76,148
033	Handicapped	131,201	88,830
034	Other - Employee benefits		
		<u>49,828,052</u>	<u>50,946,757</u>
33 010	Donations		
012	Cash Receipts		
013	Non Cash Receipts		
014	Restricted Use		425
34 010	Ancillary Services		
011	Revenue from Rental of Residences		
015	Interest on Schools		750
021	Revenues from Rental of Schools and Facilities (Net)		
022	Internally Generated Funds - Snow Clearing	34,075	31,700
031	Cafeterias		
032	Other	9,067	
		<u>43,162</u>	<u>32,450</u>

Lewisporte/Gander School District

Current Revenues

Schedule1 (cont'd)

Year Ended June 30		1999	1998
35 010	Miscellaneous		
011	Interest on Investments	31,801	51,152
012	Bus Charters		
	Regular	108,459	103,761
	Lunch Hour Runs	97,001	88,317
021	Recoveries of Expenditures		14,195
022	MUN Grant		
	Internship program	9,531	13,879
	STEMNET	10,979	12,000
	Intensive French	17,527	
031	Revenues from Other School Boards		
051	Insurance Proceeds		
061	Bilingual Education Revenue		
071	Operating Revenues from Native Peoples Grant		
081	Miscellaneous Federal Grant	47,521	459,219
091	Textbooks	50,669	74,427
092	Sundry	4,768	16,861
		<u>378,256</u>	<u>833,811</u>
36 011	Transfer from Capital		
Total Current Revenues		<u>\$ 50,249,470</u>	<u>\$ 51,813,443</u>

Special Grants

French Monitor	\$ 14,743	\$ 14,854
Core French -		2,533
French - Immersion	8,915	9,227
French Teacher Aide	5,776	6,000
French Teacher Training	4,444	16,895
Teacher relocation	17,673	13,268
Textbook replacement savings	22,398	15,902
Reimbursement for distance education	34,341	21,818
School Board Elections		40,759
JCA Loan Interest	45,228	
Air Quality	184,115	62,770
Summer Repairs	433,794	
2% Salary Increase	162,766	
Workforce Reduction	99,398	
HRD grant - Math Days		
Educational Leadership		354
Technology Integration	4,840	8,342
Computer Equipment Grant	15,000	229,700
Tutor Training	3,792	3,000
Pay Equity/Reclassification		117,534
Early Literacy	20,000	

Lewisporte/Gander School District**Schedule1 (cont'd)****Current Revenues**

Year Ended June 30

1999**1998**

HRD	- Summer Project	3,243	
	- Summer Care	9,520	
	- Technology Integration		25,000
	- High Achievers		5,018
	- Technical Support	1,908	5,936
	- Gander Academy Playground	<u>15,139</u>	<u> </u>
		<u>\$ 1,107,033</u>	<u>\$ 598,910</u>

Lewisporte/Gander School District
Administration Expenditures

Schedule 2

Year Ended June 30		1999	1998
51 011	Salaries and Benefits - Director and Assistant Directors	\$ 305,735	\$ 471,438
012	Salaries and Benefits - Board Office Personnel	543,227	513,393
013	Office Supplies	21,543	24,418
014	Replacement Furniture and Equipment	4,115	1,867
015	Postage	17,647	15,922
016	Telephone	43,768	54,845
017	Office Equipment Rentals and Repairs	19,740	28,866
018	Bank Charges		45
019	Electricity	9,919	7,686
021	Fuel		
022	Insurance	3,096	2,209
023	Repairs and Maintenance (Office Building)	2,039	1,737
024	Travel	41,489	40,510
025	Board Meeting Expenses	25,935	38,071
026	Election Expenses	75	26,220
027	Professional Fees	19,341	28,963
028	Advertising	29,713	27,004
029	Membership Dues	42,212	42,785
031	Municipal Service Fees		35
032	Rental of Office Space	27,384	82,150
033	Relocation Expenses	9,196	
034	Miscellaneous	7,147	7,231
035	Payroll Tax	9,884	9,005
Total Administration Expenditures		\$ 1,183,205	\$1,424,600

Lewisporte/Gander School District
Instruction Expenditures

Schedule 3

Year Ended June 30		1999	1998
52 010	Instructional Salaries (Gross)		
011	Teachers' Salaries - Regular	\$ 30,580,095	\$ 31,985,878
012	- Substitute	1,233,713	1,098,299
013	- Board Paid	29,279	7,132
013	- Student Assistance	591,527	451,045
014	Augmentation		
015	Employee Benefits	4,451,419	4,495,494
016	School Secretaries - Salaries and Benefits	762,925	675,008
017	Payroll Tax	663,104	679,924
018	Other - French Monitor	15,506	14,855
018	Teacher Aid	5,643	
018	IMC Salary	23,804	
		<u>38,357,015</u>	<u>39,407,635</u>
52 040	Instructional Materials		
041	General Supplies	266,178	242,782
042	Library Resource Materials	69,031	100,059
043	Teaching Aids	294,141	440,239
044	Textbooks	46,923	85,727
		<u>676,273</u>	<u>868,807</u>
52 060	Instructional Furniture and Equipment		
061	Replacement	145,430	164,718
062	Rentals and Repairs	108,264	114,223
		<u>253,694</u>	<u>278,941</u>
52 080	Instructional Staff Travel		
081	Program Co-ordinators	59,040	56,040
082	Teachers' Travel	64,087	44,300
083	Inservice and Conferences	67,811	65,057
		<u>190,938</u>	<u>165,397</u>
52 090	Other Instructional Costs		
091	Postage and Stationary		
092	Miscellaneous	258,551	747,225
		<u>1,379,456</u>	<u>2,060,370</u>
Total Instruction Expenditures		<u>\$ 39,736,471</u>	<u>\$ 41,468,005</u>

Lewisporte/Gander School District**Schedule 4****Operations and Maintenance Expenditures - Schools**

Year Ended June 30

1999

1998

53 011	Salaries and Benefits - Janitorial	\$ 1,528,686	\$ 1,452,350
012	Salaries and Benefits - Maintenance	639,958	720,065
013	Payroll Tax	38,589	37,002
014	Electricity	1,273,135	1,373,930
015	Fuel	119,131	169,424
016	Municipal Service Fees	59,714	61,468
017	Telephone	186,720	204,991
018	Vehicle Operating and Travel	66,354	51,907
019	Janitorial Supplies	129,545	132,662
021	Janitorial Equipment	8,859	6,196
022	Repairs and Maintenance - Building	1,290,307	426,575
023	- Equipment	8,582	11,339
024	Contracted Services - Janitorial	9,100	9,300
025	Snow Clearing	96,734	104,469
026	Rentals		
027	Other	45,710	37,008
Total Operations and Maintenance Expenditures		\$ 5,501,124	\$ 4,798,686

Lewisporte/Gander School District **Pupil Transportation Expenditures**

Schedule 5

Year Ended June 30

1999

1998

54 010 Operation and Maintenance of Board Owned Fleet

011	Salaries and Benefits - Administration	\$ 78,970	\$ 183,514
012	Salaries and Benefits - Drivers and Mechanics	2,358,292	2,333,102
013	Payroll Tax	44,199	43,811
014	Debt Repayment - Interest	5,522	
015	- Principal	8,031	
016	Bank Charges		
017	Gas and Oil	318,684	331,968
018	Licenses	68,507	68,482
019	Insurance	39,319	52,292
021	Repairs and Maintenance - Fleet	344,438	318,001
022	- Building	6,200	2,326
023	Tires and Tubes	41,948	52,961
024	Heat and Light	18,556	22,152
025	Municipal Services		
026	Snow Clearing	11,214	4,435
027	Office Supplies	10,377	10,478
028	Rent		
029	Travel	9,125	12,324
031	Professional Fees	4,000	4,079
032	Miscellaneous	11,839	9,382
033	Telephone	10,398	10,260
034	Vehicle Lease		
035	Wheel Chair Lift	12,303	
		<u>3,401,922</u>	<u>3,459,567</u>

54 040 Contracted Services

041	Regular Transportation	81,597	80,948
042	Handicapped	109,095	84,239
043	Busing - Other		
		<u>190,692</u>	<u>165,187</u>

Total Pupil Transportation Expenditures

\$3,592,614

\$3,624,754

Lewisporte/Gander School District
Ancillary Services and Miscellaneous Expenses

Year Ended June 30

1999

1998

Ancillary Services

Schedule 6

55	Ancillary Services		
011	Operations of Teachers' Residence	\$	\$
013	Janitorial		
031	Cafeterias		
032	Other		
		<u> </u>	<u> </u>
		\$	\$
		<u> </u>	<u> </u>

Miscellaneous Expenses

Schedule 7

The Board has incurred the following miscellaneous expenses:

57 001	Miscellaneous	\$	369	\$	14,769
002	Work Force Reduction		<u>99,398</u>		<u> </u>
		\$	<u>99,767</u>	\$	<u>14,769</u>

Lewisporte/Gander School District **Details of Property and Equipment**

Schedule 8

June 30, 1999

	Balance June 30/98	Additions Prior Yr. Adj	Additions 1999	Disposals Prior Yr. Adj	Disposals 1999	Balance June 30/99
Land and Sites						
12 210Land and Sites						
211 Land and Sites	\$ 423,164		\$ 19,114	\$ (34,600)	\$ (63,217)	\$ 344,461
12 212Land improvements	423,164		19,114	(34,600)	(63,217)	344,461
12 220Buildings						
221 Schools	65,540,033		302,518	(93,840)	(8,191,296)	57,557,415
222 Administration	234,669		364,546			599,215
223 Residential						
224 Recreation						
225 Other						
	<u>65,774,702</u>		<u>667,064</u>	<u>(93,840)</u>	<u>(8,191,296)</u>	<u>58,156,630</u>
12 300Furniture & Equipment						
231 Schools	7,113,705		10,393			7,124,098
232 Administration	408,299		3,046			411,345
233 Residential						
234 Recreation						
235 Other						
	<u>7,522,004</u>		<u>13,439</u>			<u>7,535,443</u>
12 240Vehicles						
241 Service Vehicles	225,085	\$ 80,064				305,149
12 250Pupil Transportation						
251 Land	32,811					32,811
252 Building	534,481					534,481
253 Vehicles - Buses	7,864,189	250,932	385,500		(1,734,957)	6,765,664
254 - Service	36,334					36,334
255 Equipment	63,188					63,188
256 Other						
	<u>8,531,003</u>	<u>250,932</u>	<u>385,500</u>		<u>(1,734,957)</u>	<u>7,432,478</u>
12 260Miscellaneous Capital Assets						
261 Other	648					648
Total Property & Equipment	<u>\$82,476,606</u>	<u>\$ 330,996</u>	<u>\$1,085,117</u>	<u>\$ (128,440)</u>	<u>\$ (9,989,470)</u>	<u>\$73,774,809</u>

Land, buildings and equipment have been recorded in the accounts at estimated values at January 1, 1997. Additions since that date have been recorded at cost. Lands and sites on which some of the buildings are erected are vested in the former school boards or denominational education councils or churches. All real and personal property used for the purpose of education by Lewisporte/Gander School District #6 will be subject to the terms and conditions contained in Section 95 of the 1996 Schools Act.

- As of the date of the Auditors' Report the values of all of the school buildings and equipment used by the Lewisporte/Gander School District #6 have not been obtained from the Department of Education or the former school boards.

Lewisporte/Gander School District **Details of Long Term Debt**

Schedule 9

June 30

1999

1998

Bank loans, mortgage and debentures,
 approved by the Board and the Government
 of Newfoundland and Labrador

22 210 Loans Other Than Pupil Transportation

Ref. #

211 Bank Loans

Matured 1999

Prime-5/8% Repayable \$7,917 monthly, maturing 2000

\$ 95,000

\$ 16,462

190,000

Prime-5/8% Repayable \$4,000 monthly, maturing 2000

48,000

Prime-5/8% Repayable \$13,667 monthly, maturing 2000

150,332

— Repayable \$ _____ monthly, maturing _____

— Repayable \$ _____ monthly, maturing _____

— Repayable \$ _____ monthly, maturing _____

— Repayable \$ _____ monthly, maturing _____

— Repayable \$ _____ monthly, maturing _____

— Repayable \$ _____ monthly, maturing _____

Total 211

293,332

206,462

212 Mortgages

— Repayable \$ _____ monthly, maturing _____

— Repayable \$ _____ monthly, maturing _____

— Repayable \$ _____ monthly, maturing _____

Total 212

213 Debentures

— Repayable \$ _____ monthly, maturing _____

— Repayable \$ _____ monthly, maturing _____

Total 213

214 Other

328,768

328,768

Sub-total

622,100

535,230

215 Less: Current Maturities

(293,332)

(79,795)

Total Loans Other Than Pupil Transportation

328,768

455,435

Lewisporte/Gander School District
Details of Long Term Debt

Schedule 9 (cont'd)

June 30 1999 1998

22 220 Loans - Pupil Transportation

Ref. #

221 Vehicle Bank Loans

Prime-5/8% Repayable \$ 2677 monthly, maturing 2011 **\$ 377,469**

Repayable \$ _____	monthly, maturing _____		
Repayable \$ _____	monthly, maturing _____		
Repayable \$ _____	monthly, maturing _____		
Repayable \$ _____	monthly, maturing _____		
Repayable \$ _____	monthly, maturing _____		
Repayable \$ _____	monthly, maturing _____		
Repayable \$ _____	monthly, maturing _____		
Repayable \$ _____	monthly, maturing _____		
Repayable \$ _____	monthly, maturing _____		

Total 221

222 Land, Building and Equipment Bank Loans

Repayable \$ _____	monthly, maturing _____		
Repayable \$ _____	monthly, maturing _____		
Repayable \$ _____	monthly, maturing _____		
Repayable \$ _____	monthly, maturing _____		
Repayable \$ _____	monthly, maturing _____		
Repayable \$ _____	monthly, maturing _____		

Total 222

Sub-total

377,469

223 Less: Current Maturities

32,125

Total Loans - Pupil Transportation

345,344

Total Long Term Debt

\$ 674,112

\$ 455,435

Lewisporte/Gander School District
Summary of Long Term Debt

Schedule 9A

June 30, 1999

<u>Description</u>	<u>Ref. #</u>	<u>Rate</u>	<u>Balance Beginning of Year</u>	<u>Loans Obtained During Year</u>	<u>Principal Repayment for Year</u>	<u>Balance End of Year</u>
A) School						
Construction		Prime - 5/8%	\$328,768			\$ 328,768
		Prime - 5/8%	190,000		95,000	95,000
		Prime - 5/8%		\$ 72,000	24,000	48,000
		Prime - 5/8%		\$ 205,000	54,668	150,332
B) Equipment		Prime	16,462		16,462	-
C) Service Vehicles						
D) Other						
E) Pupil Transportation		Prime - 5/8%		\$385,500	8,031	377,469
Total Loans			<u>\$ 535,230</u>	<u>\$ 662,500</u>	<u>\$ 198,161</u>	<u>\$ 999,569</u>

Lewisporte/Gander School District
Schedule of Current Maturities

Schedule 9B

June 30, 1999

Description	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
A) School Construction	\$ 95,000 48,000 150,332				
B) Equipment					
C) Service Vehicles					
D) Other					
E) Pupil Transportation	\$ <u>32,125</u>	\$ <u>32,125</u>	\$ <u>32,125</u>	\$ <u>32,125</u>	\$ <u>32,125</u>
Total	\$ <u>325,457</u>	\$ <u>32,125</u>	\$ <u>32,125</u>	\$ <u>32,125</u>	\$ <u>32,125</u>

Schedule 9C

1999

1998

012 Capital

\$ 37,921

\$ 16,090

Service Vehicles

1,646

5,522

43,443

17,736

- Supplier Interest Charges

\$ 43,443

\$ 17,736

Lewisporte/Gander School District **Supplementary Information**

June 30 1999 1998

1. Cash

Current

11 110	Cash on Hand and in Bank		
111	Cash on Hand	\$ 460	\$ 460
112	Bank - Current	(53,894)	333,890
113	- Savings		
114	- Teachers' Payroll	(8,250)	(511)
115	- Non Teachers' Payroll		
116	- Coupon (debenture)		
117	- Other-Trust Fund	1,700	1,700

Capital

11 210	Cash on Hand and in Bank		
211	Cash on Hand		
212	Bank - Current		
213	- Savings		
214	- Other		
Total Cash on Hand and in Bank		\$ (59,984)	\$ 335,539

2. Short Term Investments

Current

11 121	Term Deposits		
122	Canada Savings Bonds		
123	Other		

Capital

11 221	Term Deposits		
222	Canada Savings Bonds		
223	Other		
Total Short Term Investments		\$	\$

Lewisporte/Gander School District **Supplementary Information**

June 30

1999

1998

3. Prepaid Expenses

Current

11 141	Insurance		
142	Municipal Service Fees		
143	Supplies	\$ 22,518	\$ 11,042
144	Other - WCB	98,258	90,768

Capital

11 241	Other	824	1,189
		<u>\$ 121,600</u>	<u>\$ 102,999</u>

LIVESTOCK OWNERS COMPENSATION BOARD

LIVESTOCK OWNERS COMPENSATION FUND

FINANCIAL STATEMENTS

31 MARCH 2000



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Directors of the
Livestock Owners Compensation Board
St. John's, Newfoundland

I have audited the balance sheet of the Livestock Owners Compensation Board, Livestock Owners Compensation Fund as at 31 March 2000 and the statement of revenue, expenditure and deficit for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Livestock Owners Compensation Board, Livestock Owners Compensation Fund as at 31 March 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
2 June 2000

LIVESTOCK OWNERS COMPENSATION BOARD

LIVESTOCK OWNERS COMPENSATION FUND

BALANCE SHEET

31 MARCH 2000

	<u>2000</u>	<u>1999</u>
ASSETS		
Current		
Cash	\$17,551	\$ 18,111
Accounts receivable	<u>948</u>	<u>1,029</u>
	<u>\$18,499</u>	<u>\$ 19,140</u>
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	\$ <u>932</u>	\$ <u>1,135</u>
Equity		
Contributions - Province of Newfoundland	78,895	78,895
Deficit	<u>(61,328)</u>	<u>(60,890)</u>
	<u>17,567</u>	<u>18,005</u>
	<u>\$18,499</u>	<u>\$ 19,140</u>

See accompanying notes

Signed on behalf of the Board:

Chairperson


Member

LIVESTOCK OWNERS COMPENSATION BOARD
LIVESTOCK OWNERS COMPENSATION FUND
STATEMENT OF REVENUE, EXPENDITURE AND DEFICIT
FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u>	<u>1999</u>
REVENUE		
Province of Newfoundland		
Payments on behalf of the Board for administration (Note 2)	\$ 904	\$ 991
Premiums from livestock owners	3,213	2,669
Interest	<u>827</u>	<u>872</u>
	<u>4,944</u>	<u>4,532</u>
EXPENDITURE		
Indemnity claims	4,478	2,831
Bank service charges	-	1
Professional services (Note 2)	<u>904</u>	<u>991</u>
	<u>5,382</u>	<u>3,823</u>
Excess of revenue over expenditure (expenditure over revenue)	(438)	709
Deficit, beginning of year	<u>(60,890)</u>	<u>(61,599)</u>
Deficit, end of year	<u><u>\$(61,328)</u></u>	<u><u>\$(60,890)</u></u>

See accompanying notes

LIVESTOCK OWNERS COMPENSATION BOARD

LIVESTOCK OWNERS COMPENSATION FUND

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

Authority

The Livestock Owners Compensation Board (the Board) operates under the authority of the Livestock Insurance Act. The purpose of the Board is to operate the Livestock Owners Compensation Fund to provide insurance to Newfoundland farmers to restrict the amount of livestock loss. Its affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. These statements are a representation of the activities of the Livestock Owners Compensation Fund.

1. Basis of accounting

The financial statements have been prepared by the Board in accordance with generally accepted accounting principles.

2. Administration expenses

The Board is administered by employees of the Department of Forest Resources and Agrifoods. The Province, represented by the Department, is responsible for the costs of administration of the Board. These costs, which are paid directly by the Province on behalf of the Board, are not reflected in these financial statements, except for expenses relating to professional services.

3. Economic dependence

As a result of the Board's reliance on Provincial funding to meet the administrative costs, the Board's ability to continue viable operations is dependent upon continued funding from the Province.

4. Financial instruments

The Board's financial instruments recognized in the balance sheet consist of cash, accounts receivable, accounts payable and accrued liabilities, the carrying values of which approximate fair value due to the short-term maturity associated with these instruments.

5. Income taxes

The Board is a Crown entity of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.



Province of Newfoundland

Public Accounts

Volume IV (M - Z)

**Financial Statements of Crown Corporations
Boards and Authorities**

**For The Year Ended
31 March 2000**

PRINTED UNDER AUTHORITY OF THE HOUSE OF ASSEMBLY

St. John's, Newfoundland



GOVERNMENT OF
NEWFOUNDLAND AND LABRADOR

Department of Finance
Office of the Minister

December, 2000

The Honourable A.M. House, C.M., M.D., FRCPC
Lieutenant-Governor of Newfoundland and Labrador

Sir,

I have the honour to present the Financial Statements of Crown Corporations, Boards and Authorities for the financial year ended 31 March 2000.

Respectfully submitted,
Your Honour's obedient servant,

LLOYD MATTHEWS
Minister of Finance



GOVERNMENT OF
NEWFOUNDLAND AND LABRADOR

Treasury Board
Office of the Minister

December, 2000

The Honourable Lloyd Matthews
Minister of Finance

Dear Colleague:

I am pleased to provide to you the Financial Statements of Crown Corporations, Boards and Authorities for the financial year ended 31 March 2000 for tabling in the House of Assembly pursuant to the requirements of the *Financial Administration Act*.

Yours sincerely,

Anna Thistle, MHA
President of Treasury Board

INTRODUCTION

The reproduction of the available financial statements of Crown Corporations, Boards and Authorities are presented through the publication of the Public Accounts, Volume IV.

The Public Accounts for the year ended 31 March 2000 consists of three other volumes:

Volume I – Consolidated Summary Financial Statements presents the summary financial statements which consolidate the financial statements of the Consolidated Revenue Fund with the financial statements of various Crown Corporations, Boards and Authorities, as approved by Treasury Board, which are owned or controlled by, and accountable to, the Government of Newfoundland and Labrador.

Volume II – Consolidated Revenue Fund Financial Statements presents the financial position of the Fund and the results of its activities.

Volume III – Consolidated Revenue Fund Supplementary Statements and Schedules presents the unaudited summary statements, detailed departmental statements, schedules and notes of the Fund and are prepared on a basis consistent with the Estimates of the Province.

The Public Accounts of the Province as tabled in the House of Assembly in accordance with Section 60 of the *Financial Administration Act*.

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	2000	183
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	2000	233
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	2000	371
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	2000	395
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Grenfell Regional Health Services Board	2000	419
Health and Community Services-St. John's Region	2000	431
Health Care Corporation of St. John's	2000	443
Health Labrador Corporation	1999	461
Heritage Foundation of Newfoundland and Labrador	2000	477
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Hoyles-Escasoni Complex	1999	491
	2000	507
John Cabot (1997) 500th. Anniversary Corporation	2000	523
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Newfoundland and Labrador Housing Corporation	2000	667
Newfoundland and Labrador Hydro	1999	689
Newfoundland Cancer Treatment and Research Foundation	1998	711
Newfoundland Crop Insurance Agency	2000	725
Newfoundland Farm Products Corporation	2000	731
Newfoundland Government Fund Limited	1998	743
	1999	751
Newfoundland Government Sinking Fund	2000	759
Newfoundland Hardwoods Limited	2000	771
Newfoundland Industrial Development Corporation	1999	777
	2000	787
Newfoundland Legal Aid Commission	1999	795
	2000	803
Newfoundland Liquor Corporation	2000	813
Newfoundland Medical Care Commission	2000	825
Newfoundland Municipal Financing Corporation	2000	833
Newfoundland Ocean Enterprises Limited	2000	845
Northern Peninsula/Labrador South School District	1999	853
Office of the High Sheriff of Newfoundland	1999	883
	2000	889
Peninsulas Health Care Corporation	2000	895
Province of Newfoundland Pooled Pension Fund	1999	913
Provincial Advisory Council on the Status of Women	2000	929
Provincial Genetics Program	1998	937
	1999	943
Provincial Information and Library Resources Board	2000	951
Provincial Perinatal Program	1998	963
	1999	969
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Public Accountants Licensing Board	1999	981
Public Health Laboratory	1998	987
	1999	995
	2000	1003
Registrar of the Supreme Court of Newfoundland	2000	1011
Special Celebrations Corporation of Newfoundland and Labrador, Inc.	2000	1021
St. John's Nursing Home Board	1999	1031
	2000	1041
Stephenville-Port Aux Basques School District	1999	1055
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Western Health Care Corporation	2000	1115
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The financial statements of the following agencies were not received in time for inclusion in this volume:

NAME	YEAR
Baie Verte Central Connaigre School District# 5	1999
Burin Peninsula School Board	1998
Fisheries Loan Board of Newfoundland	2000
Health Labrador Corporation	2000
Marble Mountain Development Corporation	2000
Marble Mountain Management Corporation	2000
Newfoundland Cancer Treatment and Research Foundation	2000
Newfoundland Farm Products Corporation	1998



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**Multi-Materials
Stewardship Board
Financial Statements**
March 31, 2000

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Auditors' Report

To the Members of the Multi-Materials Stewardship Board

We have audited the statement of financial position of the Multi-Materials Stewardship Board as at March 31, 2000, and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2000, and the results of its operations and the its cash flows for the year then ended in accordance with generally accepted accounting principles.

St. John's, Newfoundland
May 8, 2000

Grant Thornton LLP
Chartered Accountants

Multi-Materials Stewardship Board

Statement of Operations

Year Ended March 31	2000	1999
Income		
Newfoundland Beverage Recovery Inc.		
Allocation from appropriated surplus	\$ 325,000	\$ 325,000
Contribution to marketing and communications	380,246	217,000
Interest and sundry	<u>6,965</u>	<u>1,299</u>
	<u>712,211</u>	<u>543,299</u>
Expenses		
Advertising	706	
Depreciation	8,470	5,937
Directors' remuneration	17,234	11,494
Dues, licences and education	2,288	2,700
Equipment rental	3,282	3,614
Insurance	2,231	1,642
Interest and bank charges	175	187
Marketing and communications	358,621	243,805
Meetings and entertainment	4,358	4,405
Miscellaneous	495	1,236
Professional fees	27,875	8,748
Rent	4,260	32,640
Stationery and office supplies	6,866	6,615
Telecommunications	8,020	8,346
Travel	19,985	19,295
Vehicle operating	4,404	5,865
Wages and benefits	<u>183,847</u>	<u>147,020</u>
	<u>653,117</u>	<u>503,549</u>
Excess of revenue over expenses	<u>\$ 59,094</u>	<u>\$ 39,750</u>

See accompanying notes to the financial statements.

Multi-Materials Stewardship Board **Statement of Changes in Net Assets**

Year Ended March 31

2000

1999

	Invested in <u>Capital Assets</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 31,543	\$ 25,236	\$ 56,779	\$ 17,029
Excess (deficiency) of revenue over expenses	(8,470)	67,564	59,094	39,750
Investment in capital assets	<u>8,898</u>	<u>(8,898)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 31,971</u>	<u>\$ 83,902</u>	<u>\$ 115,873</u>	<u>\$ 56,779</u>

See accompanying notes to the financial statements.

Multi-Materials Stewardship Board Statement of Financial Position

March 31

2000

1999

Assets

Current

Cash and cash equivalents	\$ 121,505	\$ 36,243
Accounts receivable	75,963	7,346
Prepaid expenses	<u>7,403</u>	<u>23,787</u>
	204,871	67,376

Furniture and equipment (Note 3)

<u>31,971</u>	<u>31,543</u>
<u>\$ 236,842</u>	<u>\$ 98,919</u>

Liabilities

Current

Payables and accruals (Note 4)	\$ 44,615	\$ 42,140
Deferred revenue	<u>76,354</u>	<u>-</u>
	<u>120,969</u>	<u>42,140</u>

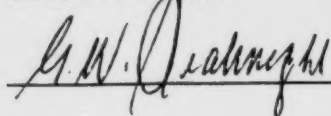
Net Assets

Net assets invested in capital assets	31,971	31,543
Unrestricted net assets	<u>83,902</u>	<u>25,236</u>
	<u>115,873</u>	<u>56,779</u>
	<u>\$ 236,842</u>	<u>\$ 98,919</u>

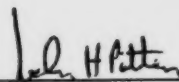
Commitments (Note 7)

Uncertainty (Note 9)

On behalf of the Board



Chairperson



Treasurer

See accompanying notes to the financial statements.

Multi-Materials Stewardship Board **Statement of Cash Flows**

Year Ended March 31 2000 1999

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenue over expenses	\$ 59,094	\$ 39,750
Depreciation	<u>8,470</u>	<u>5,937</u>

	67,564	45,687
--	--------	--------

Change in non-cash operating working capital (Note 5)	<u>26,596</u>	<u>(66,044)</u>
--	---------------	-----------------

	<u>94,160</u>	<u>(20,357)</u>
--	---------------	-----------------

Investing

Purchase of furniture and equipment	<u>(8,898)</u>	<u>(21,103)</u>
-------------------------------------	----------------	-----------------

Net increase (decrease) in cash and cash equivalents	85,262	(41,460)
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Cash and cash equivalents

Beginning of year	<u>36,243</u>	<u>77,703</u>
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End of year	<u>\$ 121,505</u>	<u>\$ 36,243</u>
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See accompanying notes to the financial statements.

Multi-Materials Stewardship Board

Notes to the Financial Statements

March 31, 2000

1. Nature of operations

The Multi-Materials Stewardship Board is a statutory corporation established pursuant to The Waste Management Act. This Board manages the Beverage Container Deposit Refund System and the Waste Management Trust Fund in the Province of Newfoundland and Labrador and is mandated to research, develop and manage where appropriate other industry waste diversion programs in accordance with the Provincial Government's guidelines.

The corporation is exempt from income taxes under Section 149(1)(d) of the Canadian Income Tax Act.

2. Summary of significant accounting policies

Fund accounting

Fund accounting is generally accepted as the basis of accounting for public sector organizations. A summary of significant accounting policies relating to fund accounting is as follows:

- i) contributions are recorded using the deferral method;
- ii) capital additions financed from the unrestricted funds are included in the net assets invested in capital assets account; and
- iii) depreciation of capital assets is included in the net assets invested in capital assets account.

Depreciation

Rates of depreciation applied on a declining balance basis to write-off the cost of furniture and equipment over their estimated lives are as follows:

Office furniture and equipment	20%
Computer equipment	30%

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of one year or less.

Multi-Materials Stewardship Board Notes to the Financial Statements

March 31, 2000

3. Furniture and equipment			<u>2000</u>	<u>1999</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Office furniture and equipment	\$ 27,176	\$ 8,554	\$ 18,622	\$ 23,278
Computer equipment	<u>21,567</u>	<u>8,218</u>	<u>13,349</u>	<u>8,265</u>
	<u>\$ 48,743</u>	<u>\$ 16,772</u>	<u>\$ 31,971</u>	<u>\$ 31,543</u>

4. Payables and accruals		<u>2000</u>	<u>1999</u>
Rent		\$ -	29,340
Other		<u>44,615</u>	<u>\$ 12,800</u>
		<u>\$ 44,615</u>	<u>\$ 42,140</u>

5. Change in non-cash operating working capital		<u>2000</u>	<u>1999</u>
Accounts receivable		\$ (68,617)	\$ (7,346)
Prepaid expenses		16,384	(21,826)
Payables and accruals		2,475	38,128
Deferred revenue		<u>76,354</u>	<u>(75,000)</u>
		<u>\$ 26,596</u>	<u>\$ (66,044)</u>

6. Controlled not-for-profit organizations

The Board has contracted the operation of the Beverage Container Deposit Refund System to an independent not-for-profit corporation, Newfoundland Beverage Recovery Inc., until January 15, 2002. The Board retains statutory responsibility for the operation of the Deposit Refund System in Newfoundland and Labrador and as such has a significant economic interest in the net assets of the System. The net assets of the Deposit Refund System will be reported as appropriated surplus in separate audited financial statements of Newfoundland Beverage Recovery Inc.

Newfoundland Beverage Recovery Inc. has not been consolidated in the Board's financial statements. Financial summaries of this unconsolidated corporation as at March 31, 2000 and 1999 and for the years then ended are as follows:

	<u>2000</u>	<u>1999</u>
Financial Position		
Total assets	\$ 8,496,200	\$ 7,780,058
Total liabilities	<u>1,226,116</u>	<u>814,691</u>
Total net assets	<u>\$ 7,270,084</u>	<u>\$ 6,965,367</u>

Multi-Materials Stewardship Board Notes to the Financial Statements

March 31, 2000

6. Controlled not-for-profit organization (cont'd.)

	<u>2000</u>	<u>1999</u>
Results of Operations		
Total income	\$11,983,864	\$11,772,407
Total expenses	<u>8,354,147</u>	<u>7,884,059</u>
Net earnings	<u>\$ 3,629,717</u>	<u>\$ 3,888,348</u>
Cash flows		
Cash from operations	\$ 3,988,320	\$ 3,941,535
Cash used in investing activities	(60,423)	(55,594)
Allocation to Waste Management Trust Fund	(3,000,000)	
Payment to Multi-Materials Stewardship Board	<u>(325,000)</u>	<u>(325,000)</u>
Increase in cash and cash equivalents	<u>\$ 602,897</u>	<u>\$ 3,560,941</u>

The Board manages the Waste Management Trust Fund established by the Provincial Government in 1999. The Board retains statutory responsibility for the operation of the Trust Fund in Newfoundland and Labrador and as such has a significant economic interest in the net assets of the Fund.

The Multi-Materials Stewardship Board Waste Management Trust Fund has not been consolidated in the Board's financial statements. Financial summaries of this unconsolidated Trust Fund as at March 31, 2000 and for the six months then ended are as follows:

	<u>2000</u>
Financial Position	
Total assets	\$ 2,559,590
Total liabilities	<u>928,447</u>
Total net assets	<u>\$ 1,631,143</u>
Results of Operations	
Total income	\$ 3,060,432
Total expenses	<u>1,429,289</u>
Excess of revenue over expenses	<u>\$ 1,631,143</u>
Cash flows	
Cash from operations	\$ 2,546,758
Cash used in investing activities	<u>(4,367)</u>
Increase in cash and cash equivalents	<u>\$ 2,542,391</u>

Multi-Materials Stewardship Board Notes to the Financial Statements

March 31, 2000

7. Commitments

The Board is committed to minimum annual rent payments of \$23,100 for office space for the next year.

The Board is committed to the following minimum annual lease payments for a vehicle and equipment for the next three years:

March 31, 2000 - \$2,140; March 31, 2001 - \$760; and March 31, 2002 - \$760.

8. Comparative figures

Certain of the 1999 figures have been reclassified to conform with the financial statement presentation adopted for the current year.

9. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the Board, including those related to customers, suppliers, or other third parties, have been fully resolved.

**MUNICIPAL ASSESSMENT
AGENCY INC.**

FINANCIAL STATEMENTS
Year ended March 31, 2000

MORGAN & RADFORD

CHARTERED ACCOUNTANTS

John F. Morgan, CA
Keith A. Radford, CA

Suite 901, TD Place, 140 Water Street
St. John's, Newfoundland A1C 6H6
Tel: (709) 576-6776 • Fax: (709) 576-6777

AUDITORS' REPORT

To the Shareholder of
Municipal Assessment Agency Inc.

We have audited the balance sheet of Municipal Assessment Agency Inc. as at March 31, 2000 and the statements of revenue, expenses and surplus and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

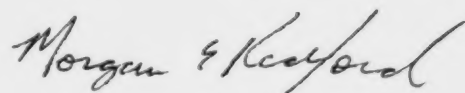
We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.

An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

The prior year was reported on by another public accountant.

St. John's, Newfoundland
June 30, 2000



CHARTERED ACCOUNTANTS

-610-



Members of the
Institute of Chartered Accountants of Newfoundland

MUNICIPAL ASSESSMENT AGENCY INC.

BALANCE SHEET

AS AT MARCH 31, 2000

ASSETS	2000	1999
CURRENT		
Cash	\$ 1,014,940	\$ 474,515
Accounts receivable (note 2)	290,116	386,767
Prepaid expenses	89,173	72,393
	1,394,229	933,675
Capital assets (note 3)	883,554	603,629
	\$ 2,277,783	\$ 1,537,304

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT		
Accounts payable and accrued liabilities	\$ 153,651	\$ 111,983
Accrued vacation pay (note 6)	125,623	114,804
Deferred contributions - operating	63,615	72,393
	342,889	299,180
Accrued severance pay (note 6)	452,521	398,871
Deferred contributions - capital	427,626	603,629
	1,223,036	1,301,680

SHAREHOLDER'S EQUITY

Capital		
Authorized and issued		
1 Common share	1	1
Surplus	1,054,746	235,623
	1,054,747	235,624
	\$ 2,277,783	\$ 1,537,304

Commitments and contingencies (notes 4 and 5)

On behalf of the board:

Director

Director

MUNICIPAL ASSESSMENT AGENCY INC.

STATEMENT OF REVENUES, EXPENSES AND SURPLUS

FOR THE YEAR ENDED MARCH 31, 2000

	2000	1999
REVENUES:		
Assessment services	\$ 3,729,352	\$ 3,206,505
Operating grant (note 7)	500,000	535,000
Valuation revenue	41,000	66,125
Interest revenue	63,350	31,566
	4,333,702	3,839,196
EXPENSES:		
Salaries	2,206,147	2,095,488
Benefits	337,100	239,290
Travel	262,595	232,795
Premises and equipment lease	171,961	171,998
Information technology	149,862	170,513
Telephone	71,498	70,675
Bad debt	70,812	-
Office supplies	36,694	34,938
Professional fees	22,875	8,086
Postage and courier	14,483	22,721
Printing	9,721	10,325
Insurance	6,402	1,043
Staff training	4,861	33,009
Payroll processing	4,284	2,680
Advertising	2,033	2,639
Miscellaneous	1,339	374
Bank charges	682	294
	3,373,349	3,096,868
Excess of revenues over expenses before the following	960,353	742,328
Provision for severance and vacation pay (note 6)	70,332	84,929
Amortization of deferred contributions (note 7)	(184,781)	(29,833)
Amortization of capital assets	255,679	29,833
Excess of revenues over expenses	819,123	657,399
Surplus (deficit), beginning of year (note 7)	235,623	(421,776)
Surplus, end of year	\$ 1,054,746	\$ 235,623

MUNICIPAL ASSESSMENT AGENCY INC.

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED MARCH 31, 2000

	2000	1999
Operating activities:		
Net income for the year	\$ 819,123	\$ 657,399
Items not affecting cash:		
Amortization of capital assets	255,679	29,833
Amortization of deferred contributions	(184,781)	(29,833)
Increase in severance pay accrual	53,650	58,364
Increase in vacation pay accrual	10,820	26,565
Net change in non-cash working capital balance	(414,066)	(301,144)
Cash provided by operating activities	540,425	441,184
Investing activities:		
Purchase of capital assets	(535,608)	(368,745)
Financing activities:		
Contributions - capital assets	535,608	368,745
Increase in cash position	540,425	441,184
Cash position, beginning of year	474,515	33,331
Cash position, end of year	\$1,014,940	\$ 474,515

MUNICIPAL ASSESSMENT AGENCY INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2000

General:

Effective April 2, 1997, the Municipal Assessment Agency Inc. (the "Corporation") was incorporated under the laws of the Province of Newfoundland and Labrador to carry out assessment services for various municipalities throughout the Province of Newfoundland and Labrador pursuant to the Assessment Act. Prior to this date, these services were performed by the Department of Municipal and Provincial Affairs, Government of Newfoundland and Labrador (the "Department").

The Corporation has one common share with a par value of \$1.00 issued to the Minister of Municipal and Provincial Affairs, Government of Newfoundland and Labrador.

The Corporation is a crown corporation and, accordingly, is exempt from paying income taxes under Subsection 149(1)(d) of the Income Tax Act.

1. Summary of significant accounting policies:

The financial statements of the Corporation have been prepared within the framework of generally accepted accounting principles which require the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the Corporation are as follows:

(a) Capital assets

Capital assets are purchased by the Corporation are recorded at cost. Amortization is recorded on a declining balance basis over the assets estimated useful lives at the following rates:

Furniture and equipment	20%
Computer hardware and software	30%

The Corporation is currently using furniture, equipment and computers provided by the Department. As title to these assets have not been transferred to the Corporation, they have not been recorded in the accounts.

(b) Revenue recognition

Government operating grants are recorded on an accrual basis.

Operating grants related to expenses of future periods are deferred and amortized to income as related expenses are incurred.

Government assistance related to acquisition of fixed assets is deferred and amortized to income on the same basis as the related capital assets are amortized.

MUNICIPAL ASSESSMENT AGENCY INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2000

1. Summary of significant accounting policies (continued):

Revenue for the provision of assessment and valuation services is recognized at the time the services are provided.

(c) Accrued severance pay

Severance pay is accounted for on an accrued basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continued service and accrues to a maximum of twenty years and, accordingly, no provision has been made in the accounts for employees with less than nine years of continued service. The amount is payable when the employee ceases employment with the Corporation.

(d) Redundancy pay

Redundancy pay is recognized as a liability when it is probable that employees will be entitled to benefits and the amount can be reasonably estimated.

2. Accounts receivable:

	2000	1999
Receivable from Municipalities	\$ 313,448	\$ 341,043
Receivable from Government of Newfoundland and Labrador	4,500	26,649
Receivable from Government of Canada (HST)	31,863	16,691
Other	5,150	2,384
Allowance for doubtful accounts	(64,845)	-
	<u>\$ 290,116</u>	<u>\$ 386,767</u>

Receivables from municipalities consist of amounts due from municipalities throughout the Province of Newfoundland and Labrador related to assessment services.

3. Capital assets:

	2000		1999	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Computer hardware and software	\$ 148,631	\$ 58,871	\$ 89,760	\$ 71,557
Furniture and equipment	75,131	22,486	52,645	50,855
Integrated assessment system	<u>956,860</u>	<u>215,711</u>	<u>741,149</u>	<u>481,216</u>
	<u>\$ 1,180,622</u>	<u>\$ 297,068</u>	<u>\$ 883,554</u>	<u>\$ 603,628</u>

MUNICIPAL ASSESSMENT AGENCY INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2000

4. Commitments:

The Corporation has entered into leases for the rental of office space. Lease payments to October 31, 2000, the end of the current lease, are approximately \$41,000.

5. Contractual obligations:

The Corporation has entered into a contract for the design, development and implementation of a computer assisted appraisal system. The new system has an estimated cost of \$638,000, of which \$588,600 was incurred prior to year end.

6. Severance and vacation pay:

As at the time of incorporation, the Corporation assumed liabilities for severance pay, vacation and accrued overtime associated with employees transferred to the Corporation resulting in an opening deficit in the amount of \$366,950. An agreement has been finalized with the Province with respect to how this deficit will be funded, subsequent to the year end, which will be reflected in the following fiscal period's financial statements.

The provision for severance and vacation pay consists of the following:

	<u>2000</u>	<u>1999</u>
Provision for severance pay	\$ 59,512	\$ 58,364
Provision for vacation pay	<u>10,820</u>	<u>26,565</u>
	<u>\$ 70,332</u>	<u>\$ 84,929</u>

7. Government of Newfoundland and Labrador - Funding

The Corporation received Government funding of \$500,000 during the year ended March 31, 2000 of which it recognized as operating revenue. During the year, the corporation recognized amortization of deferred operating contributions of \$8,778 and amortization of deferred capital contributions of \$176,003. The corporation allocated a portion of these funds for the purchase of capital assets. The Government funding will be eliminated for fiscal 2000/2001 as the Corporation is to become self-sustaining.

8. Financial instruments:

The Corporation's financial instruments consist of cash, accounts receivable and accounts payable. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

MUNICIPAL ASSESSMENT AGENCY INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2000

9. Comparative figures:

Certain of the comparative figures have been reclassified to conform to the presentation adopted in 2000.

NEWCO IV CORPORATION
FINANCIAL STATEMENTS
DECEMBER 31, 1999

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Auditors' Report	1
Balance Sheet	2
Statement of Income and Deficit	3
Statement of Cash Flows	4
Notes to Financial Statements	5

AUDITORS' REPORT

To the Shareholders of
Newco IV Corporation

We have audited the balance sheet of Newco IV Corporation as at December 31, 1999 and the statements of income and deficit and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

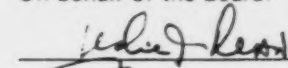
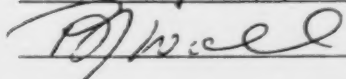
NKHK Chartered Accountants

St. John's, Newfoundland
January 29, 2000

NEWCO IV CORPORATION**Balance Sheet****December 31, 1999**

	1999	1998
ASSETS		
Current		
Cash	\$ 435,136	\$ 412,090
Receivables (less allowance of \$135,325)	-	-
GST receivable	225	113
Prepaid expenses	-	45,837
	<u>\$ 435,361</u>	<u>\$ 458,040</u>
 LIABILITIES		
Accounts payable	\$ 575	\$ -
Accrual for quadrennial survey	-	40,000
Due to Government of Newfoundland and Labrador (Note 3)	5,130,353	5,516,863
	<u>5,130,928</u>	<u>5,556,863</u>
 SHAREHOLDERS' DEFICIENCY		
Capital stock		
Authorized		
Unlimited number of common shares		
Issued		
100 common shares	100	100
Deficit	4,695,667	5,098,923
	<u>4,695,567</u>	<u>5,098,823</u>
	<u>\$ 435,361</u>	<u>\$ 458,040</u>

On behalf of the Board:

 Director
 Director

NEWCO IV CORPORATION**Statement of Income and Deficit
Year Ended December 31, 1999**

	1999	1998
Income		
Interest income	\$ 8,922	\$ 657
Vessel lease	-	140,500
	8,922	141,157
Expenses		
Vessel operations:		
Bank charges	54	72
Insurance	-	23,890
Licenses and fees	435	148
Repairs and maintenance (recovery)	(39,650)	32,298
Vessel lease	299,716	507,759
Recovery of bad debts	(20,000)	(30,000)
	240,555	534,167
Administration:		
Professional fees and office expenses	5,500	3,000
	246,055	537,167
Net loss before extraordinary item	(237,133)	(396,010)
Extraordinary item		
Forgiveness of long term debt (Note 3)	640,389	327,930
Net income (loss) for the year	403,256	(68,080)
Deficit as at beginning of year	5,098,923	5,030,843
Deficit as at end of year	\$4,695,667	\$5,098,923

NEWCO IV CORPORATION**Statement of Cash Flows**
Year Ended December 31, 1999

	1999	1998
Operating activities		
Net income (loss) for the year	\$403,256	\$ (68,080)
Add (deduct) items not involving cash		
Accrual for quadrennial survey	(40,000)	(35,000)
Forgiveness of debt	(640,389)	(327,930)
	(277,133)	(431,010)
Changes in non-cash working capital		
Receivables - trade	-	30,000
- GST	(112)	38,280
Prepaid expenses	45,837	1
Payables	575	-
Cash (used in) operating activities	(230,833)	(362,729)
Financing activities		
Advances on long term debt	253,879	507,758
Cash provided by financing activities	253,879	507,758
Increase in cash during year	23,046	145,029
Cash position as at beginning of year	412,090	267,061
Cash position as at end of year	\$435,136	\$412,090
Cash represented by:		
Cash	\$ 5,136	\$232,090
Term deposits	430,000	180,000
	\$435,136	\$412,090

NEWCO IV CORPORATION

Notes to Financial Statements

December 31, 1999

1. General

The company was incorporated in May, 1987 for the primary purpose of leasing a vessel, M.V. Nain Banker, to carry on fish catching in Newfoundland. During the year the company, with the approval of its guarantor, the Government of Newfoundland and Labrador, terminated its lease with Pitney Bowes of Canada. Costs associated with this action were assumed by the Government.

2. Going concern

The financial statements have been prepared on the basis of a going concern, which contemplates that the company will be able to realize assets and discharge liabilities in the normal course of business.

3. Due to Government of Newfoundland and Labrador

The Government of Newfoundland and Labrador has advanced monies to the company in the form of unsecured loans, and no set terms of repayment. In 1997, it was decided not to charge further interest on this debt.

The Government of Newfoundland and Labrador, as represented by the Minister of Finance, notified the corporation that it had in 1999 forgiven the sum of \$640,389 owed to the Province by the corporation as a result of advances previously made to the corporation to cover operating costs.

4. Loss carryforward

The company has losses for tax purposes available of \$4,575,151 which can be carried forward up to 2006. These losses will start to expire in the following years unless utilized:

2000	-	\$861,666
2001	-	965,652
2002	-	944,697
2003	-	782,410
2004	-	387,583
2005	-	396,010
2006	-	237,133

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL

FINANCIAL STATEMENTS

31 MARCH 2000



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Members
Newfoundland and Labrador Arts Council
St. John's, Newfoundland

I have audited the balance sheet of the Newfoundland and Labrador Arts Council as at 31 March 2000 and the statement of revenue, expenditure and surplus for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at 31 March 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Elizabeth Marshall

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
21 June 2000

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL

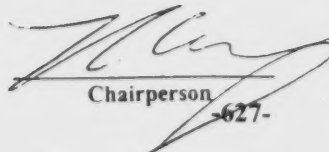
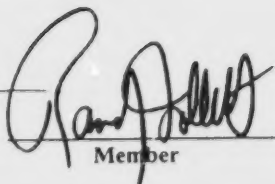
BALANCE SHEET

31 MARCH 2000

	<u>2000</u>	<u>1999</u>
ASSETS		
Current		
Cash	\$122,532	\$445,554
Short term investments, at cost	1,787	113,627
Accounts receivable (Note 2)	46,650	40,383
Prepaid expenses	<u>1,944</u>	<u>1,838</u>
	<u>172,913</u>	<u>601,402</u>
Capital assets		
Furniture, fixtures and equipment	75,444	74,069
Less: expensed in year of acquisition	(71,529)	(70,154)
contributions to capital assets	<u>(3,915)</u>	<u>(3,915)</u>
	<u>-</u>	<u>-</u>
Arts fund assets (Note 3)	<u>118,287</u>	<u>112,348</u>
	<u>\$291,200</u>	<u>\$713,750</u>
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 59,968	\$458,013
Due to Arts fund	7,482	7,482
Deferred revenue (Note 4)	<u>100,597</u>	<u>125,694</u>
	<u>168,047</u>	<u>591,189</u>
Equity		
Surplus from operations	4,866	10,213
Arts fund (Note 3)	<u>118,287</u>	<u>112,348</u>
	<u>123,153</u>	<u>122,561</u>
	<u>\$291,200</u>	<u>\$713,750</u>

See accompanying notes

Signed on behalf of the Council:

Chairperson

Member

-627-

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL

STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS

FOR THE YEAR ENDED 31 MARCH 2000

	2000 <u>Actual</u>	<u>Budget</u>	1999 <u>Actual</u>
REVENUE			
Province of Newfoundland			
Project grant	\$ 295,300	\$ 295,300	\$ 294,400
Sustaining grant	185,000	185,000	185,000
NewTel Innovation	240,379	240,000	231,855
Festival of Arts	201,721	201,721	533,279
Government of Canada grant	1,527	1,527	1,316
Other (Note 5)	<u>161,913</u>	<u>162,965</u>	<u>178,088</u>
	<u>1,085,840</u>	<u>1,086,513</u>	<u>1,423,938</u>
EXPENDITURE			
Grants awarded			
Project grants	169,192	170,000	170,423
Sustaining grants	185,000	185,000	185,000
Professional Artists Travel Fund grants	<u>5,999</u>	<u>6,000</u>	<u>9,204</u>
	<u>360,191</u>	<u>361,000</u>	<u>364,627</u>
Projects			
Festival of Arts	201,721	201,721	533,279
Newtel Innovation	240,379	240,000	231,855
Year of the Arts	-	-	8,542
Other (Note 6)	<u>166,557</u>	<u>167,342</u>	<u>178,676</u>
	<u>608,657</u>	<u>609,063</u>	<u>952,352</u>
Operating expenses (Note 7)	<u>122,339</u>	<u>126,663</u>	<u>118,253</u>
	<u>1,091,187</u>	<u>1,096,726</u>	<u>1,435,232</u>
Excess of expenditure over revenue	(5,347)	(10,213)	(11,294)
Surplus from operations, beginning of year	<u>10,213</u>	<u>10,213</u>	<u>21,507</u>
Surplus from operations, end of year	<u>\$ 4,866</u>	<u>\$ -</u>	<u>\$ 10,213</u>

See accompanying notes

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

Authority

The Newfoundland and Labrador Arts Council (the Council) operates under the authority of the Arts Council Act of the Province of Newfoundland. The Council has the responsibility of fostering and promoting the study and enjoyment of and the production of works in the arts. The Council consists of twelve members appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Council's management in accordance with generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below is the significant accounting policy followed.

Capital assets

All capital assets are capitalized at cost at the time of acquisition. Contributions received for the purchase of capital assets are recorded separately as a reduction in cost. The cost of capital asset additions, less contributions, is charged to expenditure in the year of acquisition.

2. Accounts receivable

	<u>2000</u>	<u>1999</u>
Festival of Arts	\$10,000	\$20,000
Harmonized Sales Tax	29,594	17,177
Accrued interest	-	534
Other	<u>7,056</u>	<u>2,672</u>
	<u>\$46,650</u>	<u>\$40,383</u>

3. Arts fund

The Arts fund was created pursuant to Section 9 of the Arts Council Act. The principal of the fund is to be kept intact and only the interest earned on the invested principal may be disbursed, at the discretion of the Council, to foster and promote the study, enjoyment and production of works in the arts. This fund is comprised of monies received from the Consolidated Revenue Fund of the Province of Newfoundland and from gifts and bequests received without terms. Interest earned on the fund is held in trust in the fund until it is withdrawn. For the year ended 31 March 2000 interest of \$5,939 (1999 - \$6,045) has been earned through investment of the fund.

The composition of the fund is as follows:

	<u>2000</u>	<u>1999</u>
Province of Newfoundland	\$ 40,000	\$ 40,000
Gifts, bequests as per Section 12(2) of the Arts Council Act	<u>2,870</u>	<u>2,870</u>
	42,870	42,870
Interest allocated to the Arts fund	<u>75,417</u>	<u>69,478</u>
	<u>\$118,287</u>	<u>\$112,348</u>

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

4. Deferred revenue

Deferred revenue represents revenue relating to future operating periods. The revenue will be reported in the applicable future period to which it relates.

5. Revenue - Other

	2000		1999
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
Arts Smarts	\$111,113	\$111,113	\$ 85,314
ACOA/ERA marketing	16,829	17,500	28,284
Arts awards	11,650	11,650	12,000
CHRC internship	8,000	8,000	10,686
Interest	5,663	6,000	8,862
Operation Online	4,702	4,702	7,298
Business and arts	3,956	4,000	2,826
HRD job creation	-	-	12,748
Year of the Arts	-	-	8,542
Miscellaneous	-	-	1,528
	<u>\$161,913</u>	<u>\$162,965</u>	<u>\$178,088</u>

6. Projects - Other

	2000		1999
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
Arts Smarts	\$111,113	\$111,113	\$ 85,314
Arts awards	20,430	20,500	29,848
ACOA/ERA marketing	16,829	17,500	28,640
CHRC internship	8,000	8,000	10,686
Operation Online	4,702	4,702	7,298
Business and arts	3,956	4,000	2,826
CEIC grant	1,527	1,527	1,316
HRD job creation	-	-	12,748
	<u>\$166,557</u>	<u>\$167,342</u>	<u>\$178,676</u>

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

7. Operating expenses

	2000	1999
	<u>Actual</u>	<u>Actual</u>
Salaries and employee benefits	\$ 77,198	\$ 75,054
Travel and Council meetings	14,412	13,379
Office and postage	13,870	13,243
Project evaluating fees	4,162	3,550
Telephone	3,287	2,480
Miscellaneous	3,282	4,353
Advertising	2,683	3,416
Professional services	2,070	1,800
Capital assets	<u>1,375</u>	<u>978</u>
	<u>\$122,339</u>	<u>\$118,253</u>

8. Related party transactions

The Council leases office space from the Province of Newfoundland at an annual rate of \$1.

9. Pensions

Council staff are subject to the Public Service Pensions Act. Employee contributions are matched by the Council and then remitted to the Province of Newfoundland Pooled Pension Fund from which pensions will be paid to employees when they retire. The Council's share of pension contributions for 2000 was \$3,926 (1999 - \$3,521).

10. Economic dependence

As a result of the Council's reliance on Provincial funding, the Council's ability to continue viable operations is dependent upon the decisions of the Province.

11. Income taxes

The Council is a Crown entity of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

12. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

**NEWFOUNDLAND AND LABRADOR EDUCATION
INVESTMENT CORPORATION**

FINANCIAL STATEMENTS

31 MARCH 1999



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Chairperson and Members
Newfoundland and Labrador Education
Investment Corporation
St. John's, Newfoundland

I have audited the balance sheet of the Newfoundland and Labrador Education Investment Corporation as at 31 March 1999 and the statement of revenue, expenditure and equity for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 1999 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Elizabeth Marshall

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
14 October 1999

**NEWFOUNDLAND AND LABRADOR EDUCATION
INVESTMENT CORPORATION**

BALANCE SHEET

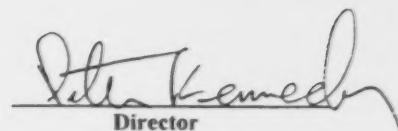
31 MARCH 1999

	<u>1999</u>	<u>1998</u>
ASSETS		
Current		
Cash	\$ 49,704	\$ -
Prepaid initiatives (Note 2)	296,309	-
Investments, at cost (Note 3)	35,972,606	25,000,000
Investment income receivable	36,607	3,219
Due from school boards (Note 4)	1,702,659	-
Harmonized Sales Tax receivable	<u>623,153</u>	<u>-</u>
	<u>\$38,681,038</u>	<u>\$25,003,219</u>
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 1,695,248	\$ -
Holdbacks payable	1,278,541	-
Due to school boards (Note 5)	<u>1,485,656</u>	<u>-</u>
	4,459,445	-
Equity		
Share capital (Note 6)		
Authorized		
100 common shares of no par value		
Issued		
3 common shares	-	-
Equity	<u>34,221,593</u>	<u>25,003,219</u>
	<u>\$38,681,038</u>	<u>\$25,003,219</u>

See accompanying notes

Signed on behalf of the Board:


Chairperson


Director

**NEWFOUNDLAND AND LABRADOR EDUCATION
INVESTMENT CORPORATION**

STATEMENT OF REVENUE, EXPENDITURE AND EQUITY

FOR THE YEAR ENDED 31 MARCH 1999

(with comparative figures for the period 27 March 1998 to 31 March 1998)

	<u>1999</u>	<u>1998</u>
REVENUE		
Recharged to school boards (Note 4)	\$ 1,702,659	\$ -
Investment income	<u>900,879</u>	<u>3,219</u>
	<u>2,603,538</u>	<u>3,219</u>
EXPENDITURE		
Administration	237,781	-
Bank charges	4,649	-
Funded initiatives	<u>24,132,734</u>	<u>-</u>
	<u>24,375,164</u>	<u>-</u>
Excess of (expenditure over revenue) revenue over expenditure	(21,771,626)	3,219
Equity, beginning of period	25,003,219	-
Transfer from the Province (Note 7)	<u>30,990,000</u>	<u>25,000,000</u>
Equity, end of period	<u>\$34,221,593</u>	<u>\$25,003,219</u>

See accompanying notes

NEWFOUNDLAND AND LABRADOR EDUCATION INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

Authority

The Newfoundland and Labrador Education Investment Corporation (the Corporation) was incorporated on 27 March 1998 under The Corporations Act of the Province of Newfoundland. The Province holds 100% of the issued common shares. The affairs of the Corporation are managed by a board of directors (the Board) appointed by the Lieutenant-Governor in Council. All board members are full-time employees of the Government of Newfoundland and Labrador.

The objective of the Board is to provide funds to school boards and others for the construction, renovation, extension, and equipping of educational facilities in the Province and to carry out other business or objectives as directed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Board in accordance with generally accepted accounting principles based on the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Outlined below is the significant accounting policy followed.

Investment income

Investment income is recorded on a straight line basis over the term of the investments.

2. Prepaid initiatives

Prepaid initiatives represent advance payments made to school boards relating to repairs and maintenance projects. These advance payments will be charged to operations when documentation to support expenditures made by the boards is received.

3. Investments

The investments are short-term and are valued at cost which approximates market value. Current investments have maturity dates ranging from 1 April 1999 to 30 April 1999 with interest rates that vary from 4.99% to 5.07%.

4. Due from school boards

Due from school boards represents amounts receivable from school boards to reimburse the Corporation for payments made on behalf of the boards in connection with extension and renovation projects. These amounts are to be repaid by the school boards from savings realized as a result of school closures.

NEWFOUNDLAND AND LABRADOR EDUCATION INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

5. Due to school boards

Due to school boards represents reimbursable expenditures made by school boards on air quality and repairs and maintenance projects, for which documentation to support expenditures made by the boards during the year has been received.

6. Share capital

The Corporation is authorized to issue 100 common shares. The Lieutenant-Governor in Council has directed that the Ministers of Finance, Education and Works, Services and Transportation each hold one share on behalf of the Government of Newfoundland and Labrador. These shares were issued during the year.

7. Related party transactions

During the period, a non-repayable amount of \$30,990,000 was transferred to the Corporation from the Government of Newfoundland and Labrador.

In December 1998, Government announced that an additional \$75 million would be provided for a new school capital construction program. The projects to be undertaken under this program were included in the announcement but specific funding had not been approved by the Corporation's Board at year end.

The Corporation is administered by employees of Executive Council, the Department of Education and the Department of Finance. Projects funded by the Corporation are primarily managed by the Department of Works, Services and Transportation. Costs of administration are paid directly by the departments and are reimbursed by the Corporation.

8. Commitments

The Corporation has approved and is funding various projects consistent with its objective.

As at 31 March 1999, the total value of work not yet completed in relation to approved project expenditures was \$21,985,814.

9. Financial instruments

The Corporation's financial instruments recognized in the Balance Sheet consist of cash, investments, investment income receivable, due from school boards, Harmonized Sales Tax receivable, accounts payable and accrued liabilities, holdbacks payable and due to school boards, the carrying values of which approximate fair value due to the short-term maturity or current value associated with these instruments.

**NEWFOUNDLAND AND LABRADOR EDUCATION
INVESTMENT CORPORATION**

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

10. Economic dependence

As a result of its reliance on transfers from the Government of Newfoundland and Labrador to meet its operating costs, the Corporation's ability to continue to fulfill its mandate is dependent upon the decisions of Government.

11. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

**NEWFOUNDLAND AND LABRADOR EDUCATION
INVESTMENT CORPORATION**

FINANCIAL STATEMENTS

31 MARCH 2000



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Chairperson and Members
Newfoundland and Labrador Education
Investment Corporation
St. John's, Newfoundland

I have audited the balance sheet of the Newfoundland and Labrador Education Investment Corporation as at 31 March 2000 and the statement of revenue, expenditure and equity for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

E. Marshall

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
22 June 2000

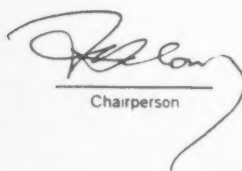
BALANCE SHEET

As at 31 March

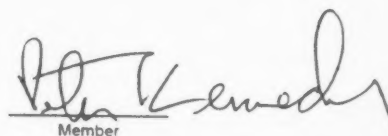
	<u>2000</u>	<u>1999</u>
	\$	\$
ASSETS		
Current		
Cash	6,322,782	49,704
Prepaid initiatives (Note 2)	-	296,309
Investments, at cost (Note 3)	7,184,067	35,972,606
Accrued investment income receivable	14,595	36,607
Due from school boards (Note 4)	1,657,833	1,702,659
Harmonized Sales Tax receivable	1,190,945	623,153
TOTAL ASSETS	16,370,222	38,681,038
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	3,296,433	1,695,248
Holdbacks payable	967,762	1,278,541
Due to school boards (Note 5)	1,507,651	1,485,656
	5,771,846	4,459,445
Equity		
Share capital (Note 6)	-	-
Equity	10,598,376	34,221,593
	10,598,376	34,221,593
TOTAL LIABILITIES AND EQUITY	16,370,222	38,681,038

See accompanying notes

Signed on behalf of the Board



Chairperson



Member

STATEMENT OF REVENUE, EXPENDITURE AND EQUITY

For the year ended 31 March

	<u>2000</u>	<u>1999</u>
	\$	\$
REVENUE		
Investment income	1,152,611	900,879
EXPENDITURE		
Administration	238,404	237,781
Bank charges	2,146	4,649
Funded initiatives	30,085,278	22,430,075
	<u>30,325,828</u>	<u>22,672,505</u>
Excess of expenditure over revenue	<u>(29,173,217)</u>	<u>(21,771,626)</u>
Equity, beginning of year	34,221,593	25,003,219
Transfer from the Province (Note 7)	5,550,000	30,990,000
Equity, end of year	<u>10,598,376</u>	<u>34,221,593</u>

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

31 March 2000

Authority

The Newfoundland and Labrador Education Investment Corporation (the Corporation) was incorporated on 27 March 1998 under The Corporations Act of the Province of Newfoundland. The Province holds 100% of the issued common shares. The affairs of the Corporation are managed by a board of directors (the Board) appointed by the Lieutenant-Governor in Council. All board members are full-time employees of the Province of Newfoundland.

The objective of the Board is to provide funds to school boards and others for the construction, renovation, extension and equipping of educational facilities in the Province and to carry out other business or objectives as directed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Board in accordance with generally accepted accounting principles based on the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (CICA). Outlined below is the significant accounting policy followed:

Investment income

Investment income is recorded on a straight line basis over the term of the investments.

2. Prepaid initiatives

Prepaid initiatives represent advance payments made to school boards relating to repairs and maintenance projects. These advance payments will be charged to operations when documentation to support expenditures made by the boards is received.

3. Investments

The investments are short-term and are valued at face value which approximates market value. Current investments have maturity dates ranging from 6 April 2000 to 7 April 2000 at interest rates which vary from 5.15% to 5.20%.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2000

4. Due from school boards

Due from school boards represents amounts receivable from school boards to reimburse the Corporation for payments made on behalf of the boards in connection with extension and renovation projects. These amounts are to be repaid by the school boards from savings realized as a result of school closures.

5. Due to school boards

Due to school boards represents reimbursable expenditures made by school boards with respect to air quality and repairs and maintenance, for which documentation to support expenditures made by the boards during the year has been received.

6. Share capital

Share capital consists of:

Authorized

100 common shares of no par value

Issued and Outstanding

3 common shares

Pursuant to the direction of the Lieutenant-Governor in Council, each of the following holds one share on behalf of the Government of Newfoundland and Labrador

Minister of Finance

Minister of Education

Minister of Works, Services and Transportation

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2000

7. Related party transactions

During the year, a non-repayable amount of \$5,550,000 (1999 - \$30,990,000) was transferred to the Corporation from the Government of Newfoundland and Labrador.

The Corporation is administered by employees of Executive Council, the Department of Education and the Department of Finance. Projects funded by the Corporation are primarily managed by the Department of Works, Services and Transportation. Costs of administration are paid directly by the departments and are reimbursed by the Corporation.

8. Commitments

The Corporation has approved and is funding various projects consistent with its objective.

As at 31 March 2000, the total value of work not yet completed in relation to approved project expenditures was approximately \$40 million.

9. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash, investments, accrued investment income receivable, due from school boards, harmonized sales tax receivable, accounts payable and accrued liabilities, holdbacks payable and due to school boards, the carrying values of which approximate fair value due to the short-term maturity or current value associated with these instruments.

10. Economic dependence

As a result of its reliance on future transfers from the Government of Newfoundland and Labrador to fund its approved projects and operating costs, the Corporation's ability to continue is dependent upon the decisions of Government.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2000

11. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

12. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation

Newfoundland and Labrador Film Development Corporation

St. John's, Newfoundland

Financial Statements

March 31, 2000

Newfoundland and Labrador Film Development Corporation

St. John's, Newfoundland

Financial Statements

March 31, 2000

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Financial Statements

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KIRBY AND COMPANY
CERTIFIED GENERAL ACCOUNTANTS



AUDITORS' REPORT

To the shareholders of Newfoundland and Labrador Film Development Corporation

We have audited the balance sheet of Newfoundland and Labrador Film Development Corporation as at March 31, 2000 and the statements of surplus, operations, receipts and disbursements - equity investment program and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Newfoundland and Labrador Film Development Corporation as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

EPR Kirby and Company

EPR Kirby and Company
Certified General Accountants

St. John's, Newfoundland
May 18, 2000

74 O'Leary Avenue, St. John's, Newfoundland A1B 2C7
Telephone (709) 726-0000 Fax (709) 726-2200
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Offices Across Canada. Affiliations Worldwide

Newfoundland and Labrador Film Development Corporation

Balance Sheet

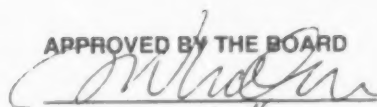
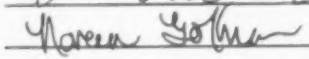
As at March 31, 2000

	2000	1999
ASSETS		
CURRENT		
Cash	\$ 2,661	\$ -
Accounts receivable	36,075	52,540
Receivable - Equity Investment Program	248,000	-
Prepaid expenses	<u>3,146</u>	<u>5,595</u>
	289,882	58,135
CAPITAL ASSETS (Note 3)	<u>22,210</u>	<u>17,655</u>
	<u>\$ 312,092</u>	<u>\$ 75,790</u>
LIABILITIES		
CURRENT		
Bank indebtedness	\$ -	\$ 17,746
Accounts payable and accruals	5,250	2,720
Payable - Equity Investment Program	<u>219,000</u>	<u>-</u>
	<u>224,250</u>	<u>20,466</u>
SHAREHOLDERS' EQUITY		
SHARE CAPITAL		
Authorized		
600 common shares of no par value		
Issued and outstanding		
600 shares	3	3
SURPLUS	<u>87,839</u>	<u>55,321</u>
	<u>87,842</u>	<u>55,324</u>
	<u>\$ 312,092</u>	<u>\$ 75,790</u>

Contingent Commitments (Note 4)

The accompanying notes are an integral part of these financial statements.

APPROVED BY THE BOARD

 Chair
 Member
 _____ Date

Newfoundland and Labrador Film Development Corporation
Statement of Surplus
Year ended March 31, 2000

	2000	1999
BALANCE - BEGINNING OF YEAR	\$ 55,321	\$ 12,697
NET INCOME	<u>32,518</u>	<u>42,624</u>
BALANCE - END OF YEAR	<u>\$ 87,839</u>	<u>\$ 55,321</u>

The accompanying notes are an integral part of these financial statements.

Newfoundland and Labrador Film Development Corporation**Statement of Operations****Year ended March 31, 2000**

	2000	1999
REVENUE		
Federal & Provincial Government Funding (Note 6)	\$ 600,000	\$ 550,000
Equity Investment Program (Page 4)	1,050,000	244,460
New Initiatives Funding	-	40,000
Other	782	11,037
	<u>1,650,782</u>	<u>845,497</u>
EXPENSES		
Advertising	29,421	17,873
Conferences / Travel	224,922	121,174
Entertainment	9,117	3,457
Guest productions	2,121	38,135
Office administration	66,760	67,849
Printed materials	536	2,937
Professional fees	9,404	23,565
Promotional / Publications	30,558	25,626
Salaries and benefits	222,148	207,384
	<u>594,987</u>	<u>508,000</u>
INCOME FROM OPERATIONS	<u>1,055,795</u>	<u>337,497</u>
OTHER EXPENSES		
Equity Investment Program (Page 4)	1,017,430	244,525
New Initiatives Funding	-	45,935
Amortization	5,847	4,413
	<u>1,023,277</u>	<u>294,873</u>
NET INCOME	<u>\$ 32,518</u>	<u>\$ 42,624</u>

The accompanying notes are an integral part of these financial statements.

Newfoundland and Labrador Film Development Corporation
Equity Investment Program
Statement of Receipts and Disbursements
Year ended March 31, 2000

2000

RECEIPTS

Government Funding - Equity Investment Program	\$ 1,050,000
--	---------------------

DISBURSEMENTS

Rink Rat Productions	11:11 When Newfoundland Women Sing (1999 Project)	(1,500)
Bingo Robbers Inc.	Bingo Robbers	9,600
Companion Films	Wind Over Dark Tickle	28,220
Dark Flowers Inc.	Violet	300,000
Imagex Communications	The Devine Ryans	219,000
FilmEast Inc.	Fidel's Gift	11,550
FilmEast Inc.	Nasty Habits	11,864
Morag Productions	Small Change	74,844
Okalakiget Society	Hebron Relocation	13,264
Passage Films	Random Passage	50,000
Patch Productions	Clothesline Patch	168,450
Pope Productions	Lukey's Boat	7,910
Red Ochre Productions	Struck Lightning	35,000
Rink Rat Productions	Ron Hynes: The Irish Tour	68,061
Ruby Line Productions	Half Man, Half Fish	4,000
Ruby Line Productions	Mailbox Romance	5,000
Curzon Village Productions	Spina Bifida: the Folic Acid Solution	2,500
Springwater Productions	Beaumont Hamel	9,667
		1,017,430

EXCESS OF RECEIPTS OVER DISBURSEMENTS	\$ 32,570
--	------------------

EPR KIRBY AND COMPANY
Gerald E. Kirby, Professional Corporation
CERTIFIED GENERAL ACCOUNTANTS

Newfoundland and Labrador Film Development Corporation
Statement of Cash Flows
Year ended March 31, 2000

	2000	1999
CASH PROVIDED FROM (USED FOR)		
OPERATIONS		
Net income	\$ 32,518	\$ 42,624
Items not affecting cash		
Amortization	<u>5,847</u>	<u>4,413</u>
Cash provided from operations	38,365	47,037
Changes in		
Accounts receivable	(221,285)	(40,000)
Prepaid expenses	2,450	(4,496)
Accounts payable and accruals	<u>211,279</u>	<u>(13,717)</u>
	<u>30,809</u>	<u>(11,176)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	<u>(10,402)</u>	<u>(8,340)</u>
NET CASH (USED)	20,407	(19,516)
CASH BALANCE - BEGINNING OF YEAR	<u>(17,746)</u>	<u>1,770</u>
CASH BALANCE - END OF YEAR	<u>\$ 2,661</u>	<u>\$ (17,746)</u>
CASH BALANCE CONSISTS OF:		
Cash	\$ 2,661	\$ -
Bank indebtedness	<u>-</u>	<u>(17,746)</u>
	<u>\$ 2,661</u>	<u>\$ (17,746)</u>

The accompanying notes are an integral part of these financial statements.

Newfoundland and Labrador Film Development Corporation

Notes to Financial Statements

Year ended March 31, 2000

1. AUTHORITY

The Newfoundland & Labrador Film Development Corporation was incorporated under the laws of Newfoundland. The chief purpose of the Corporation is to promote the development of, and to stimulate employment and investment in, the Newfoundland film and video industry by providing financial and other assistance.

The Corporation has been designated by the Finance Minister to administer the Newfoundland Film Tax Credit Program, including registration of productions and review of tax credit applications and recommendations to the Department of Finance.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Corporation are in accordance with generally accepted accounting principles except for the undernoted items:

(i) Program grants, loans and equity participation are charged to current expenditures as disbursed. Recoveries derived from equity investments are recorded as revenue when received. Recoveries of project development loans are offset against expenditures when received.

(ii) The costs incurred by government departments providing certain services to the Corporation are not reflected in these statements.

Other significant accounting policies include:

Amortization

Amortization is calculated using the declining balance method at the rates indicated below.

Furniture and fixtures	-	20 %	declining balance
Computer	-	30 %	declining balance

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value	
			2000	1999
Furniture and fixtures	\$ 13,143	\$ 4,758	\$ 8,385	\$ 9,785
Computer	<u>20,484</u>	<u>6,659</u>	<u>13,825</u>	<u>7,870</u>
	<u>\$ 33,627</u>	<u>\$ 11,417</u>	<u>\$ 22,210</u>	<u>\$ 17,655</u>

Newfoundland and Labrador Film Development Corporation
Notes to Financial Statements
Year ended March 31, 2000

4. SURPLUS AND CONTINGENT COMMITMENTS

Because of the lead times required to obtain all the resources necessary to complete film and video productions, the Corporation approves applications for funding which will not result in program disbursements until subsequent fiscal periods.

As at March 31, 2000, the Corporation is contractually committed to advance funds totalling \$1,742,526 from the equity investment program as investments and loans in respect of current and future projects.

5. ECONOMIC DEPENDENCE

The Corporation is economically dependent on Federal and Provincial governments for annual funding.

6. FEDERAL & PROVINCIAL FUNDING

	2000	1999
Sources of Federal and Provincial Funding are received from the following programs:		
Canada-Newfoundland Comprehensive Economic Development Agreement (CEDA)	\$ 350,000	\$ 300,000
Canada-Newfoundland Agreement on Economic Renewal (ERA)	<u>250,000</u>	<u>250,000</u>
	<u>\$ 600,000</u>	<u>\$ 550,000</u>

7. EQUITY INVESTMENTS

Production assistance in the form of equity investment is provided to eligible producers for the financing of productions that will provide employment and economic benefit to Newfoundlanders. Equity investments are made with the condition of repayment through participation in revenues generated by projects. Revenue is recorded as received.

The total of equity investments of the Corporation to March 31, 2000 is \$811,571 (1999 - \$149,065). No recoupment has been achieved to March 31, 2000.

8. PROJECT DEVELOPMENT LOANS

The Corporation provides loans to qualified applicants to support the process of film and video development which takes an idea through the stages of research, writing, market analysis and costing. This work must precede the completion of production financing arrangements. Support for the development of a project does not necessarily imply support for a production. All project development loans are charged to current expenditures when disbursed.

Project development loans are interest free and are to be repaid on the earlier of the first day of principal photography or on the optioning, sale or transfer of the property to a third party. Total development loans outstanding on March 31, 2000 were \$231,384 (1999 - \$93,960). No recoupment has been achieved to March 31, 2000.

9. COMPARATIVE FIGURES

Prior year figures have been reclassified where applicable to conform to current presentation.

**NEWFOUNDLAND AND LABRADOR HERITAGE
CORPORATION**

FINANCIAL STATEMENT

31 MARCH 2000



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Chairperson and Members
Newfoundland and Labrador
Heritage Corporation
St. John's, Newfoundland

I have audited the balance sheet of the Newfoundland and Labrador Heritage Corporation as at 31 March 2000. This financial statement is the responsibility of the Corporation's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, this financial statement presents fairly, in all material respects, the financial position of the Corporation as at 31 March 2000 in accordance with generally accepted accounting principles.

E. Marshall

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
29 August 2000

NEWFOUNDLAND AND LABRADOR HERITAGE CORPORATION

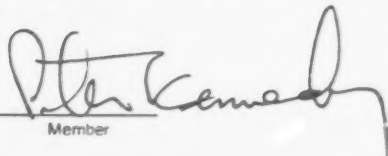
BALANCE SHEET

As at 31 March 2000

	<u>2000</u> \$
ASSETS	
Current Assets	
Harmonized Sales Tax receivable	95,208
Capitalized work-in-progress (see Schedule)	634,719
TOTAL ASSETS	<u>729,927</u>
LIABILITIES AND EQUITY	
Current Liabilities	
Accounts payable and accrued liabilities	351,191
Bank overdraft (Note 2)	378,736
	<u>729,927</u>
Equity	
Share capital (Note 3)	-
Equity	-
TOTAL LIABILITIES AND EQUITY	<u>729,927</u>

See accompanying notes

Signed on behalf of the Board:

 
Chairperson Member

NEWFOUNDLAND AND LABRADOR HERITAGE CORPORATION

NOTES TO FINANCIAL STATEMENT

31 March 2000

Authority

The Newfoundland and Labrador Heritage Corporation (the Corporation) was incorporated on 23 December 1999 under The Corporations Act of the Province of Newfoundland. The Province holds the single issued common share. The affairs of the Corporation are managed by a board of directors (the Board) appointed by the Lieutenant-Governor in Council. All board members are full-time employees of the Province of Newfoundland.

The objective of the Board is to organize, promote and co-ordinate the design, construction and financing of a facility to accommodate an art gallery, museum and archives ("The Rooms") at St. John's.

1. Significant Accounting Policies

This financial statement has been prepared by the Board in accordance with generally accepted accounting principles based on the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (CICA). Outlined below is the significant accounting policy followed:

Capitalization of Construction Costs

Capital assets are recorded at cost. Direct construction costs, overhead costs directly attributable to construction and interest costs are capitalized. Amortization is not charged on capitalized work-in-progress.

2. Bank Overdraft

The Corporation has obtained a bank line of credit not to exceed \$40,000,000, with an annual interest rate of prime less 1.22%. No repayments of principal or interest are due earlier than October, 2001, at which time the amount outstanding will convert to a demand facility. The bank will extend the line of credit facility for a further 18 months at the option of the Corporation.

On 4 April 2000, Government provided the bank with a guarantee for the full amount of any balance outstanding.

NEWFOUNDLAND AND LABRADOR HERITAGE CORPORATION

NOTES TO FINANCIAL STATEMENT (CONTINUED)

31 March 2000

3. Share capital

Share capital consists of:

Authorized

100 common shares of no par value

Issued and Outstanding

1 common share

Pursuant to the direction of the Lieutenant-Governor in Council, the Minister of Tourism, Culture and Recreation holds one share on behalf of the Government of Newfoundland and Labrador.

4. Related Party Transactions

The Corporation is administered by employees of Executive Council, the Department of Works, Services and Transportation and the Department of Tourism, Culture and Recreation. Costs of administration are paid directly by the departments and are reimbursed by the Corporation.

5. Financial Instruments

The Corporation's financial instruments recognized on the balance sheet consist of Harmonized Sales Tax receivable, bank overdraft and accounts payable and accrued liabilities, the carrying values of which approximate fair value due to the short-term maturity or current value associated with these instruments.

6. Economic dependence

As a result of its reliance on future transfers from the Government of Newfoundland and Labrador to ultimately finance its bank debt and costs, the Corporation's ability to continue is dependent upon the decisions of Government.

NEWFOUNDLAND AND LABRADOR HERITAGE CORPORATION

NOTES TO FINANCIAL STATEMENT (CONTINUED)

31 March 2000

7. **Presentation**

Due to the nature and extent of the Corporation's activities during the period, inclusion of a statement of revenue and expenditure was not considered applicable as all transactions were capital in nature. As well, no statement of cash flows was included since the required cash flow information is readily apparent from the balance sheet.

8. **Income taxes**

The Corporation is a Crown entity of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

NEWFOUNDLAND AND LABRADOR HERITAGE CORPORATION

Schedule of Capitalized Work-In-Progress

As at 31 March 2000

	<u>2000</u>
	\$
<u>The Rooms</u>	
Administration	166
Consultant's Fees	<u>634,553</u>
Total Capitalized work-in-progress	<u>634,719</u>

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

FINANCIAL STATEMENTS

31 MARCH 2000



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Chairperson and Members of
Newfoundland and Labrador Housing Corporation

I have audited the balance sheet of Newfoundland and Labrador Housing Corporation as at 31 March 2000 and the statements of revenue and expenditure, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in cursive script that reads "Elizabeth Marshall".

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
30 June 2000

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

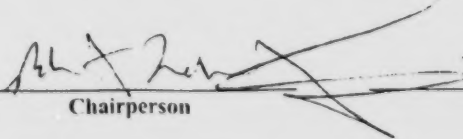
BALANCE SHEET

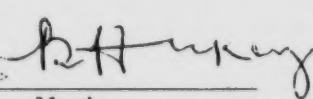
31 MARCH 2000

	<u>2000</u> (000's)	<u>1999</u> (000's)
ASSETS		
Cash	\$ 198	\$ 41
Accounts receivable (Note 2)	5,155	3,970
Due from Canada Mortgage and Housing Corporation (CMHC)	2,523	1,724
Inventory and prepaid expenses (Note 3)	2,775	2,853
Mortgages and loans receivable (Note 4)	113,290	117,490
Receivable from municipalities re: land transfers (Note 5)	1,737	915
Repossessed units (Note 6)	300	342
Land assemblies (Note 7)	18,652	20,625
Rental properties (Note 8)	253,868	257,967
Capital assets (Note 9)	<u>7,632</u>	<u>7,978</u>
	<u>\$406,130</u>	<u>\$413,905</u>
LIABILITIES AND EQUITY		
Bank loan	\$ 3,759	\$ 4,144
Accounts payable and accrued liabilities	7,089	6,347
Due to Province of Newfoundland (Note 10)	1,062	2,036
Due to Canada Lands Corporation (CLC)	1,547	458
Deferred revenue (Note 11)	2,796	4,308
Capital replacement fund (Note 12)	5,284	4,394
Mortgage insurance fund (Note 13)	2,935	2,784
Mortgages, debentures and similar indebtedness (Note 14)	127,044	125,951
CMHC investment in cost-shared programs (Note 15)	189,454	193,747
Canada Lands Corporation investment in land (Note 16)	<u>2,299</u>	<u>2,875</u>
	343,269	347,044
Equity - Province of Newfoundland (Note 17)	<u>62,861</u>	<u>66,861</u>
	<u>\$406,130</u>	<u>\$413,905</u>
Contingent liabilities (Note 18)		

See accompanying notes

Signed on behalf of the Board:


Chairperson


Member

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

STATEMENT OF REVENUE AND EXPENDITURE

FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u> (000's)	<u>1999</u> (000's)
REVENUE		
Canada Mortgage and Housing Corporation (Note 20)	\$ 59,836	\$ 59,463
Rent	20,409	20,724
Interest	15,398	16,039
Land assembly sales	5,162	8,436
Province of Newfoundland operating grant (Note 10)	6,974	8,884
Gain on sale of rental properties	424	-
Other income	<u>200</u>	<u>199</u>
	<u>\$108,403</u>	<u>\$113,745</u>
EXPENDITURE		
CMHC share of interest revenue	\$ 6,070	\$ 6,447
Grants to homeowners	7,980	4,723
Grants to non-profit groups	9,814	10,159
Interest and bank charges	3,623	3,241
Land assembly costs (Note 7)	3,718	7,335
Losses on mortgages, loans and reposessions	593	879
Loss on sale of rental properties	-	3,389
Mortgage subsidies	2,843	2,995
Net administration (Note 21)	5,218	4,995
Rent supplement subsidies	3,726	3,767
Rental unit expenses (Note 22)	<u>64,818</u>	<u>65,815</u>
	<u>\$108,403</u>	<u>\$113,745</u>

See accompanying notes

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u> (000's)	<u>1999</u> (000's)
Cash flows from (used in) operating activities:		
Non-cash items		
Mortgage subsidies	\$ 2,843	\$ 2,995
Losses on mortgages, loans and repossessions	593	879
Depreciation of rental properties	3,648	3,270
Loss (gain) on sale of rental properties	(424)	3,389
Depreciation of capital assets	852	781
Canada Lands Corporation portion of non-cash items	1,132	829
CMHC portion of non-cash items	<u>1,780</u>	<u>1,763</u>
	10,424	13,906
Net change in other operating items	<u>(369)</u>	<u>629</u>
	<u>10,055</u>	<u>14,535</u>
Cash flows from (used in) financing activities:		
Advances from mortgages, debentures, and similar indebtedness	33,376	45,095
Repayments on mortgages, debentures, and similar indebtedness	(32,283)	(50,789)
Increase in CLC investment in cost-shared programs	63	119
Increase in CMHC investment in cost-shared programs	2,353	1,006
Repayments of CLC investment in cost-shared programs	(1,771)	(548)
Repayments of CMHC investment in cost-shared programs	(8,426)	(7,814)
Transfer of equity to Province of Newfoundland operating grant (Note 17)	<u>(4,000)</u>	<u>(2,791)</u>
	<u>(10,688)</u>	<u>(15,722)</u>
Cash flows from (used in) investing activities:		
Advances of mortgages and loans	(3,555)	(3,015)
Principal recoveries of mortgages and loans	4,361	4,958
Investment in rental properties	(220)	(986)
Sale of rental properties	1,095	980
Investment in capital assets	<u>(506)</u>	<u>(765)</u>
	1,175	1,172
Decrease (increase) in bank loan less cash	542	(15)
Bank loan less cash, beginning of year	<u>(4,103)</u>	<u>(4,088)</u>
Bank loan less cash, end of year	<u>\$ (3,561)</u>	<u>\$ (4,103)</u>

See accompanying notes

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

Authority

The Newfoundland and Labrador Housing Corporation (the Corporation) operates under authority of the Housing Corporation Act. The purpose of the Corporation is to provide cost-effective housing and related programs for the benefit of the residents of the Province with priority given to those most in need. Its affairs are governed by a Board of Directors appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Mortgages and loans receivable

An allowance for mortgages and loans impairment is estimated based on the value of accounts referred to a collection agency and the accounts with reported arrears balances. The security and source of funding for the accounts that are in arrears are considered in this estimation.

(b) Repossessed units

Reposessed units are valued at the lower of cost and net realizable value based on appraised values and the estimated recovery of cost through social housing rental programs.

(c) Land assemblies

Land assemblies are valued at the lower of cost and net realizable value. Items capitalized as the cost of land assemblies include land acquisition costs, development costs, interest and administrative charges.

Land assembly sales are recognized as earned. A portion of the sales revenue is deferred to cover future anticipated costs relative to the land sold. The percentage of revenue deferred is equal to the percentage of cost to complete on a project by project basis.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

1. Significant accounting policies (cont.)

(d) Rental properties

Rental properties are valued at the lower of cost less accumulated depreciation and net recoverable amount. Items capitalized as the cost of a project include land acquisition costs, development and construction costs, interest and other related carrying charges. In instances where properties have been transferred from government departments, costs have been recorded at \$1. Depreciation is calculated using the methods described below based on the expected future useful life of all assets as follows:

Federal/Provincial, non-profit housing	Sinking fund, 25-50 years
Corporation owned, market housing	
- Capital cost	2% declining balance
- Renovation costs	Straight line, 15 years

(e) Capital assets

All capital assets are capitalized at cost at the time of acquisition. Depreciation is calculated using the methods described below based on the expected future useful life of all assets as follows:

Office buildings	2% declining balance
Furniture and office equipment	Straight line, 10 years
Computer hardware	Straight line, 3 years
Computer software	Straight line, 10 years
Vehicles	Straight line, 5 years

(f) Severance pay

Severance pay is calculated based upon years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continual service, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Corporation unless the employee transfers to another entity in the public service, in which case the liability is transferred with the employee to the other entity.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

2. Accounts receivable

	<u>2000</u> (000's)	<u>1999</u> (000's)
Land sales, net of allowance for cancellations of \$1,574,000 (1999 - \$1,650,000)	\$ 3,845	\$ 2,705
Rents	232	436
Miscellaneous	<u>3,272</u>	<u>2,485</u>
	7,349	5,626
Less: allowance for doubtful accounts	<u>2,194</u>	<u>1,656</u>
	<u>\$ 5,155</u>	<u>\$ 3,970</u>

3. Inventory and prepaid expenses

	<u>2000</u> (000's)	<u>1999</u> (000's)
Inventory	\$ 355	\$ 369
Prepaid expenses	<u>2,420</u>	<u>2,484</u>
	<u>\$ 2,775</u>	<u>\$ 2,853</u>

4. Mortgages and loans receivable

	<u>2000</u> (000's)	<u>1999</u> (000's)
Mortgages to non-profit sponsors	\$ 48,062	\$ 48,792
Subsidized mortgages to homeowners	32,258	35,582
Residential Rehabilitation Assistance Program loans	23,394	26,606
Other mortgages and loans	9,143	8,965
Provincial Home Repair Program	<u>4,000</u>	<u>1,225</u>
	116,857	121,170
Less: allowance for impaired accounts	<u>3,567</u>	<u>3,680</u>
	<u>\$113,290</u>	<u>\$117,490</u>

The allowance for impaired mortgages and loans relates primarily to the Residential Rehabilitation Assistance Program loans portfolio.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

5. Receivable from municipalities re: land transfers

In September 1998, the Province directed the Corporation to enter into agreements with municipalities to transfer its banked and developed industrial and commercial land. The agreements will transfer these lands to the municipalities under a mortgage arrangement and provide for a share of future land sales revenue to the Corporation.

As agreements are completed, the associated land is transferred from the land assemblies asset account and recorded as a receivable from municipalities re: land transfers. The receivable is valued at the lower of the carrying value of the land at the date of transfer and the Corporation's share of the net realizable value of the land as outlined in the agreement. The estimated net realizable value is determined using management's best estimates of future sales. Management recognizes that changes in future conditions, such as market demand, assumed in making these estimates are not predictable. Consequently, material adjustments to the carrying value of the receivable from municipalities re: land transfers are possible depending upon the impact of any changes and management's best estimate of them.

As of 31 March 2000 eleven agreements have been completed for the transfer of lands to municipalities at a carrying value of \$1,736,896 (1999 - \$915,000). Since 31 March 2000, 5 additional agreements have been completed for the transfers of land with a total carrying value of \$585,546.

6. Repossessed units

	<u>2000</u> (000's)	<u>1999</u> (000's)
Repossessed units	\$ 879	\$ 987
Less: allowance for impairment	<u>579</u>	<u>645</u>
	<u>\$ 300</u>	<u>\$ 342</u>

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

7. Land assemblies

	<u>2000</u> (000's)	<u>1999</u> (000's)
Land assemblies, beginning of year	\$20,625	\$26,263
Costs incurred during the year:		
Land acquisition and development	1,788	1,471
Interest, capitalized	623	579
Interest, not capitalized	<u>222</u>	<u>562</u>
	23,258	28,875
Less: land transferred to municipalities	<u>(888)</u>	<u>(915)</u>
	<u>22,370</u>	<u>27,960</u>
Less land assembly costs recognized during year:		
Allowance for write down to net realizable value	(98)	(675)
Cost of earned sales	<u>(3,620)</u>	<u>(6,660)</u>
	<u>(3,718)</u>	<u>(7,335)</u>
Land assemblies, end of year	<u>\$18,652</u>	<u>\$20,625</u>

Land assemblies are valued at the lower of cost and net realizable value. The estimated net realizable value is determined using management's best estimates of future sales and costs. Management recognizes that changes in future conditions, such as market demand, assumed in making these estimates, are not predictable. Consequently, material adjustments to the carrying value of the asset are possible depending upon the impact of any changes and management's best estimate of them. In September of 1998, the Province directed the Corporation to divest of the majority of its land holdings.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

8. Rental properties

	<u>2000</u>			<u>1999</u>
	<u>Cost</u> (000's)	<u>Accumulated Depreciation</u> (000's)	<u>Net Book Value</u> (000's)	<u>Net Book Value</u> (000's)
Federal/Provincial non-profit housing	\$269,890	\$24,789	\$245,101	\$248,968
Corporation owned market housing				
- Capital cost	11,390	3,000	8,390	8,507
- Renovation costs	105	32	73	80
Leased land	<u>304</u>	<u>-</u>	<u>304</u>	<u>412</u>
	<u>\$281,689</u>	<u>\$27,821</u>	<u>\$253,868</u>	<u>\$257,967</u>

Leased land was revalued by the former St. John's Housing Corporation prior to amalgamation with the Corporation as follows:

	<u>2000</u> (000's)	<u>1999</u> (000's)
Historical value of leases signed prior to 1967	\$186	\$262
Amounts outstanding under purchase option agreements	<u>118</u>	<u>150</u>
	<u>\$304</u>	<u>\$412</u>

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

9. Capital assets

	<u>2000</u>			<u>1999</u>
	<u>Cost</u> (000's)	<u>Accumulated Depreciation</u> (000's)	<u>Net Book Value</u> (000's)	<u>Net Book Value</u> (000's)
Office buildings	\$ 7,452	\$1,570	\$5,882	\$5,741
Furniture and office equipment	4,391	3,343	1,048	1,353
Vehicles	<u>1,967</u>	<u>1,265</u>	<u>702</u>	<u>884</u>
	<u>\$13,810</u>	<u>\$6,178</u>	<u>\$7,632</u>	<u>\$7,978</u>

10. Due to Province of Newfoundland

The Due to Province of Newfoundland account is charged with operating deficits incurred by the Corporation and credited with the annual grant voted by the Legislature. This treatment has resulted in a surplus of operating grants over operating deficits of \$1,062,000 as follows:

	<u>2000</u> (000's)	<u>1999</u> (000's)
Due to Province, beginning of year	\$ <u>2,036</u>	\$ <u>1,396</u>
Grant voted	2,000	4,733
Transfer of Urgent Response Program funding from the Department of Human Resources and Employment	-	2,000
Transfer of equity to operating grant (Note 17)	4,000	2,791
Operating grant, actual required	<u>(6,974)</u>	<u>(8,884)</u>
Increase (decrease) in amount due to Province	<u>(974)</u>	<u>640</u>
Due to Province, end of year	<u>\$ 1,062</u>	<u>\$ 2,036</u>

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

11. Deferred revenue

	<u>2000</u> (000's)	<u>1999</u> (000's)
Land sales	\$ 1,818	\$ 1,895
CMHC program subsidies	-	1,400
Rentals	<u>978</u>	<u>1,013</u>
	<u>\$ 2,796</u>	<u>\$ 4,308</u>

Land sales represents the portion of land sales that has been deferred to cover related future land assembly costs.

CMHC program subsidies represent amounts deferred to cover the future effect on program costs resulting from inflation and changes in interest rates. Such amounts were provided under the Canada-Newfoundland Social Housing Agreement signed in April 1997 (see Note 20).

Rentals consist of rental payments received by the Corporation in advance of the due dates.

12. Capital replacement fund

In accordance with program guidelines for non-profit and urban native housing projects, sponsor groups are required to set aside funds for the replacement of major capital items. The management and control of the funds for a significant number of project sponsors has been assumed by the Corporation. These funds accrue interest at the Corporation's prime rate less ½ of one percent. The funds are held on behalf of the project sponsors and are released as eligible capital replacement expenditures are incurred.

Transactions relating to the capital replacement fund during the year are as follows:

	<u>2000</u> (000's)	<u>1999</u> (000's)
Balance, beginning of year	\$ 4,394	\$ 3,513
Annual funding provisions	611	584
Interest accrued during the year	299	254
Replacement reserve funds remitted by sponsors	3	52
Capital replacement expenditures	<u>(23)</u>	<u>(9)</u>
Balance, end of year	<u>\$ 5,284</u>	<u>\$ 4,394</u>

Management estimates that additional replacement reserve funding of approximately \$3.0 million will be required over the next five years.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

13. Mortgage insurance fund

Upon signing the Canada - Newfoundland Social Housing Agreement (see Note 20), the Corporation assumed liability for all losses and costs that may be incurred in respect of a portfolio of loans that were owned and previously insured by Canada Mortgage and Housing Corporation (CMHC). In return, CMHC provided the Corporation with a \$3,000,000 mortgage insurance fund as protection against future losses. Losses on loans and associated expenditures are deducted from the fund, while interest earnings are added to the fund.

	<u>2000</u> (000's)	<u>1999</u> (000's)
Balance, beginning of year	\$ 2,784	\$ 3,151
Losses for the year	(24)	(566)
Accrued interest earned	<u>175</u>	<u>199</u>
	<u>\$ 2,935</u>	<u>\$ 2,784</u>

The fund provides mortgage insurance on a portfolio of federal loans totalling \$131,907,000. The majority of these loans relate to Social Housing projects that receive significant federal/provincial annual operating subsidies or nursing home accommodations with Provincial Government guarantees. While an independent actuarial valuation of the fund has not been carried out, the fund is considered adequate by the Corporation's management.

14. Mortgages, debentures and similar indebtedness

	<u>2000</u> (000's)	<u>1999</u> (000's)
With fixed terms of repayment		
(a) CMHC fixed rate term debentures, at interest rates of 7.95% and 8.33%, repayable in blended annual instalments of \$2,927,000; due dates ranging from December 2021 to January 2030	\$ 31,695	\$ 32,082
(b) Canadian Imperial Bank of Commerce demand loan, at the prime rate of interest repayable in blended annual instalments of \$1,500,000 with due dates ranging from December 2010 to December 2011	17,906	25,373

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

14. Mortgages, debentures and similar indebtedness (cont.)

	<u>2000</u> (000's)	<u>1999</u> (000's)
(c) Canadian Imperial Bank of Commerce fixed rate bankers acceptances, at interest rates ranging from 5.79% to 5.93%; due date of 18 April 2000.	60,536	45,096
(d) Canadian Imperial Bank of Commerce fixed term loan at an interest rate of 7.75%, interest instalments due monthly; total principal balance due February 2009	10,000	10,000
(e) Canadian Imperial Bank of Commerce variable rate demand loan at the prime rate of interest repayable in blended annual instalments of \$457,985 to March 2007	2,616	2,896
(f) Canadian Imperial Bank of Commerce fixed term loan at an interest rate of 6.31% repayable in blended monthly payments of \$40,745; due January 2013	<u>4,291</u>	<u>4,504</u>
	127,044	119,951
With no fixed terms of repayment		
(g) Canadian Imperial Bank of Commerce unsecured demand loans at the prime rate of interest	<u>-</u>	<u>6,000</u>
	<u>\$127,044</u>	<u>\$125,951</u>

A Corporation-owned office building with a carrying value of \$5,116,000 has been pledged as security for mortgages and loans totalling \$2,616,000.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

14. Mortgages, debentures and similar indebtedness (cont.)

Principal repayments for the next five years on the \$127,044,000 of debt with fixed terms of repayment are as follows:

(000's)

2001	\$61,808
2002	\$1,363
2003	\$1,469
2004	\$1,580
2005	\$1,696

15. CMHC investment in cost-shared programs

	<u>2000</u> <u>(000's)</u>	<u>1999</u> <u>(000's)</u>
Non-profit rental housing	\$ 94,967	\$ 95,598
Rural and native housing	77,336	80,942
Home repair assistance	<u>17,151</u>	<u>17,207</u>
	<u>\$189,454</u>	<u>\$193,747</u>

The principal and interest payments required to amortize CMHC's investment in non-profit rental housing and rural and native housing is funded entirely through the annual federal grant paid by CMHC, pursuant to the Canada - Newfoundland Social Housing Agreement signed in April 1997 (see Note 20).

Repayment of CMHC's investment in the home repair assistance programs has no fixed terms and is dependant upon future repayments of principal and interest on mortgages and loans.

16. Canada Lands Corporation investment in land

On 14 December 1998, Canada Lands Corporation (CLC) acquired Canada Mortgage and Housing Corporation's interest in the Mount Pearl-Newtown land assembly. Repayment of this investment has no fixed term and is dependent on future land sales.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

17. Equity - Province of Newfoundland

	<u>2000</u> (000's)	<u>1999</u> (000's)
Balance, beginning of year	\$66,861	\$69,652
Reduction for loss on disposal of Sheshatshiu units	-	2,791
Reduction for 1999-2000 operating grant (See Note 10)	<u>4,000</u>	<u>-</u>
Balance, end of year	<u>\$62,861</u>	<u>\$66,861</u>

The Province of Newfoundland has authorized a write-off of \$4,000,000 of its capital investment in the Corporation to fund its operating grant for 1999-2000.

18. Contingent liabilities

(a) Claims have been filed against the Corporation for:

- (i) General damages related to the enforcement of a Sales and Development Agreement for a shopping mall complex;
- (ii) \$100,000 relating to funds withheld from a contractor for deficiencies on houses constructed. This claim was filed by the contractor against both the Corporation (the mortgagee) and the homeowners of the houses; and
- (iii) General damages related to an alleged breach of contract relating to the sale of an apartment and commercial complex property.

The above claims have not progressed far enough to enable the formation of a definite opinion as to their outcome; thus, the likelihood and the amount of loss to the Corporation is not determinable at this time.

- (b) The Corporation has provided \$4,270,477 in residential mortgage guarantees for qualifying homeowners. Presently the probability of loss resulting from these guarantees is unlikely.
- (c) In 1996, the Corporation learned that possible environmental liabilities exist with respect to potential large quantities of fuel left in abandoned fuel storage facilities in the Stephenville area. The Corporation has started to remove some of the underground tanks and fuel lines and has undertaken some further study. To date, expenditures related to this work are \$2 million. As well, based on the studies completed to date, further remediation costs are estimated to total \$6 million. The Corporation's responsibility for these costs and the full remediation costs can not be determined at this time as the assignment of responsibility must be arranged by the Province of Newfoundland with the Government of Canada.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

18. Contingent liabilities (cont.)

- (d) In 1998, the Corporation learned that possible environmental liabilities exist with respect to environmental contaminants including hydrocarbons and various heavy metals in the soil and groundwater on 20 hectares of the total 102 hectares in the Paradise area. Title to this site had been transferred to the Town of Paradise during 1998/99 as part of the Corporation's land divestiture program; however, the Corporation will be liable for any costs that must be incurred to clean-up the site. Information received from a study completed in January 2000 indicates the estimated costs of undertaking site remediation based on the information to date is in the order of \$6,000,000.
- (e) During 1999, NLHC learned of possible environmental liabilities relating to 16 underground fuel tanks in its Buckmaster's Circle rental property. As a result of an environmental study conducted in 2000, the cost of environmental clean-up related to this property is estimated at \$1 million.

19. Financial instruments

Credit risk

Accounts receivable consist primarily of amounts due on land sales, federal/provincial harmonized sales tax rebates, Canada Mortgage and Housing Corporation and amounts due from non-profit housing sponsors, which in aggregate represent 96% of balances outstanding.

Interest rate risk

The mortgages and loans receivable portfolio have the following effective rates and terms:

Mortgages to non-profit sponsors with a carrying value of \$48,062,000 earned an effective interest rate of 6.5% and all are renewed over a one-year term.

Subsidized mortgages to homeowners with a carrying value of \$32,258,000 earned an effective interest rate of 8.1%. Interest rates on the majority of these mortgages are fixed to maturity, with maturity dates ranging from 2001 to 2018 with 50% reaching maturity by 1 February 2008.

Residential Rehabilitation Assistance Program loans with a carrying value of \$23,394,000 earned an effective rate of 9.6%. Interest rates are fixed to maturity with maturity dates ranging from 2000 to 2017 with 50% reaching maturity by 1 October 2010.

Provincial Home Repair Program loans with a carrying value of \$4,000,000 earned an effective interest rate of 7.6%. Interest rates are fixed to maturity with maturity dates ranging from 2000 to 2015 with 50% reaching maturity by 1 April 2007.

Other mortgages and loans with a carrying value of \$9,143,000 earned an effective interest rate of 7.1%. Interest rates on the majority of these mortgages and loans are fixed to maturity, with maturity dates ranging from 2000 to 2028 with 50% reaching maturity by 1 May 2004.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

20. Revenue from Canada Mortgage and Housing Corporation

CMHC's share of program subsidies and administration costs are as follows:

	<u>2000</u> (000's)	<u>1999</u> (000's)
1997 Canada-Newfoundland Social Housing Agreement	\$56,667	\$56,068
Emergency repair	-	23
Land assembly profits	(1,129)	(888)
Mortgages	37	62
Residential Rehabilitation Assistance Program	311	421
Provincial Home Repair Program	<u>3,950</u>	<u>3,777</u>
	<u>\$59,836</u>	<u>\$59,463</u>

On 22 April 1997, the Corporation signed the Canada-Newfoundland Social Housing Agreement with Canada Mortgage and Housing Corporation (CMHC) replacing all existing social housing program agreements between the two parties relating to social housing programs, with the exception of certain loan and mortgage programs.

21. Net administration

	<u>2000</u> (000's)	<u>1999</u> (000's)
Program delivery:		
Advertising and promotion	\$ 6	\$ 11
General	319	365
Office equipment leasing	54	55
Rent, heat, light, cleaning and maintenance	647	578
Salaries and employee benefits	12,835	12,493
Shop and office equipment purchases	215	264
Shop and office supplies	121	122
Telephone and postage	344	330
Travel	513	512
Vehicle expenses	<u>562</u>	<u>512</u>
	<u>15,616</u>	<u>15,242</u>

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

21. Net administration (cont.)

	<u>2000</u> (000's)	<u>1999</u> (000's)
Executive and support services:		
Advertising and promotion	66	60
Computer system charges	1,314	1,085
General	318	316
Office equipment leasing	30	30
Office equipment purchases	35	75
Office supplies	61	61
Rent, heat, light, cleaning and maintenance	796	759
Salaries and employee benefits	2,846	3,246
Telephone and postage	117	138
Travel	54	47
Vehicle expenses	<u>20</u>	<u>20</u>
	<u>5,657</u>	<u>5,837</u>
Total administration	21,273	21,079
Less: recharged to rental units - maintenance	(8,493)	(8,071)
recharged to rental units - administration	(6,860)	(7,218)
recharged to rent supplement - administration	(521)	(573)
recharged to capital projects	<u>(181)</u>	<u>(222)</u>
	<u>\$ 5,218</u>	<u>\$ 4,995</u>

22. Rental unit expenses

	<u>2000</u> (000's)	<u>1999</u> (000's)
Administration	\$ 6,860	\$ 7,218
Bad debts	242	178
Depreciation	3,648	3,270
Heat, light and operating	8,123	7,351
Interest on long term debt	26,437	27,635
Municipal taxes	3,964	3,814
Repairs and maintenance	<u>15,544</u>	<u>16,349</u>
	<u>\$64,818</u>	<u>\$65,815</u>

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

23. Commitments

The Corporation has commitments totalling \$5,039,000 comprised of uncompleted purchase and construction contracts at year end of \$1,559,000 and commitments under lending programs of \$3,480,000.

24. Pensions

Under the Housing Corporation Act, Corporation staff are subject to the Public Service Pensions Act, 1991. Employee contributions are matched by the Corporation and remitted to the Province of Newfoundland Pooled Pension Fund from which pensions will be paid to employees when they retire. The Corporation's share of pension contributions for 2000 was \$704,000 (1999 - \$702,000).

25. Self-insurance

With the exception of certain high-risk projects, the Corporation follows the policy of self-insuring its rental properties for property damage such as fire, water and vandalism. The costs of these repairs are charged to rental unit expenses.

26. Economic dependence

As a result of the Corporation's reliance on Provincial funding, the Corporation's ability to continue to fulfil its mandate is dependent upon the decisions of the Province of Newfoundland.

27. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Newfoundland and Labrador Hydro

Financial Statements

December 31, 1999

AUDITORS' REPORT

To the Lieutenant-Governor in Council
Province of Newfoundland

We have audited the consolidated balance sheet of Newfoundland and Labrador HYDRO as at December 31, 1999 and the consolidated statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in Canada. As required by the HYDRO Corporation Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

St. John's, Newfoundland
Canada
February 18, 2000

Ernst & Young LLP
Chartered Accountants

CONSOLIDATED BALANCE SHEET

December 31, 1999 with comparative figures for 1998

<i>millions of dollars</i>	1999	1998
ASSETS		
Capital assets (Note 3)		
Capital assets in service	2,478.3	2,807.7
Less contributions in aid of construction	105.6	114.5
	2,372.7	2,693.2
Less accumulated depreciation	628.6	719.3
	1,744.1	1,973.9
Construction in progress	42.2	16.8
	1,786.3	1,990.7
Current assets		
Cash and cash equivalents	0.1	8.5
Short-term investments	8.1	5.3
Accounts receivable	67.1	90.9
Current portion of rate stabilization plan	17.0	17.0
Fuel and supplies at average cost	49.9	39.6
Prepaid expenses	1.1	2.7
	143.3	164.0
Sinking funds (Note 9)	28.8	113.3
Investments (Note 4)	13.0	21.7
Rate stabilization plan	17.5	31.7
Deferred charges (Note 6)	153.4	201.7
	2,142.3	2,523.1

See accompanying notes

CONSOLIDATED BALANCE SHEET

December 31, 1999 with comparative figures for 1998

<i>millions of dollars</i>	1999	1998
LIABILITIES AND SHAREHOLDER'S EQUITY		
Long-term debt (Note 7)	1,226.4	1,398.5
Current liabilities		
Bank indebtedness	4.8	4.7
Accounts payable and accrued liabilities	43.5	48.0
Accrued interest	27.0	33.9
Long-term debt due within one year (Note 7)	37.3	124.7
Promissory notes (Note 7)	54.0	83.1
Due to CF(L)Co	0.3	-
	166.9	294.4
Foreign exchange loss provision	8.0	7.0
Long-term payable (Note 8)	-	1.9
Non-controlling interest in CF(L)Co (Note 1)	-	114.9
Non-controlling interest in LCDC	14.8	14.8
Shareholder's equity		
Share capital		
Common shares of par value of \$1 each		
Authorized 25,000,000 shares; issued 22,503,942 shares	22.5	22.5
Contributed capital (Note 4)		
Lower Churchill Development	15.4	15.4
Muskrat Falls Project	2.2	2.2
Gull Island Project	100.0	100.0
Retained earnings	586.1	551.5
	726.2	691.6
Commitments and contingencies (Note 11)		
	2,142.3	2,523.1

See accompanying notes

On behalf of the Board:



DIRECTOR



DIRECTOR

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

Year ended December 31, 1999 with comparative figures for 1998

<i>millions of dollars</i>	1999	1998
Revenue		
Energy sales	384.4	391.8
Recovery of costs in rate stabilization plan	15.4	10.9
Guaranteed winter availability	3.6	-
Rentals and royalties	0.4	0.5
Other	2.4	1.6
	406.2	404.8
Expenses		
Operations and administration	112.3	114.1
Fuels	35.1	26.9
Amortization of costs in rate stabilization plan	15.4	10.9
Power purchased	13.1	7.1
Depreciation	51.3	50.5
Interest (Note 10)	107.6	117.8
	334.8	327.3
Income from operations	71.4	77.5
Write-down of capital assets (Note 3)	16.7	-
Income before non-controlling interest	54.7	77.5
Non-controlling interest	3.1	7.9
Net income	51.6	69.6
Retained earnings, beginning of year	551.5	498.7
	603.1	568.3
Dividends	17.0	16.8
Retained earnings, end of year	586.1	551.5

See accompanying notes

<i>millions of dollars</i>	1999	1998
		(Note 2)
Cash provided by (used in)		
Operating activities		
Income before non-controlling interest	54.7	77.5
Adjusted for items not involving a cash flow		
Depreciation	51.3	50.5
Amortization of deferred charges	1.8	1.9
Rate stabilization plan	14.2	(7.3)
Write-down of capital assets	16.7	-
Other	3.6	2.7
	142.3	125.3
Change in non-cash balances related to operations		
Accounts receivable	12.7	(23.7)
Fuel and supplies	(13.0)	7.9
Prepaid expenses	1.1	1.0
Accounts payable and accrued liabilities	1.3	8.5
Accrued interest	(6.4)	(2.6)
Due to CF(L)Co	0.3	-
Adjustment for deferred foreign exchange	1.0	1.2
Adjustment for non-controlling interest	(0.2)	-
Long-term payable	(1.8)	(2.9)
	137.3	114.7
Financing activities		
Long-term debt issued	-	200.9
Long-term debt retired	(140.8)	(244.9)
Foreign exchange loss recovered	7.1	8.7
Dividends paid by a subsidiary to a non-controlling interest	(1.3)	(6.6)
Decrease in promissory notes	(29.1)	(126.8)
Dividends	(17.0)	(16.8)
	(181.1)	(185.5)
Investing activities		
Net additions to capital assets	(62.3)	(33.7)
Decrease (increase) in short-term investments	(6.7)	10.1
Increase in sinking funds	(13.8)	(34.6)
Sinking funds redeemed	117.6	129.1
Decrease in investments	4.8	4.1
Additions to deferred charges	(1.6)	(3.1)
Change in accounts payable related to investing activities	(2.7)	3.0
	35.3	74.9
Net (decrease) increase in cash	(8.5)	4.1
Cash position, beginning of year	3.8	(0.3)
Cash position, end of year	(4.7)	3.8
Cash is represented by		
Cash and cash equivalents	0.1	8.5
Bank indebtedness	(4.8)	(4.7)
	(4.7)	3.8

See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 1999

Newfoundland and Labrador HYDRO ("HYDRO") is incorporated under a special act of the Legislature of the Province of Newfoundland (the "Province") as a Crown corporation and its principal activity is the development, generation and sale of electric power. HYDRO and its subsidiary and jointly controlled companies, other than Twin Falls Power Corporation Limited, are exempt from paying income taxes under Section 149 (1) (d) of the Income Tax Act.

1. Summary of Significant Accounting Policies

BASIS OF PRESENTATION

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in Canada and to conform with recommendations of the Board of Commissioners of Public Utilities of the Province of Newfoundland ("PUB").

Preparation of these consolidated financial statements requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results.

RATES AND REGULATIONS (EXCLUDING SALES BY SUBSIDIARIES)

The Province enacted legislation in 1996 that changes the manner in which HYDRO will be regulated. In future, the rates to be charged to all customers and HYDRO's earnings on a rate of return basis, will be fully regulated. HYDRO's capital expenditure program is also subject to review and approval by the PUB.

Rates charged rural customers do not recover the full costs of providing the service but HYDRO recovers the resulting deficit from other customers.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the financial statements of HYDRO and its subsidiary companies, Gull Island Power Company Limited ("GIPCo"), (100% owned) and Lower Churchill Development Corporation Limited ("LCDC"), (51% owned).

Effective June 18, 1999, HYDRO, Churchill Falls (Labrador) Corporation Limited ("CF(L)Co") and Hydro-Québec entered into a shareholders' agreement which provided, among other matters, that certain of the strategic operating, financing and investing policies of CF(L)Co be subject to approval jointly by representatives of HYDRO and Hydro-Québec. Although HYDRO retains its 65.8% ownership interest, the agreement changed the nature of the relationship between HYDRO and Hydro-Québec, with respect to CF(L)Co, from that of majority and minority shareholders, respectively, to that of joint venturers. Accordingly, HYDRO has adopted the proportionate consolidation method of accounting for its interest in CF(L)Co subsequent to the effective date of the shareholders' agreement (the investment is fully consolidated for periods prior to the effective date).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (cont'd)

PRINCIPLES OF CONSOLIDATION (cont'd)

CF(L)Co is incorporated under the laws of Canada and has completed and commissioned a hydroelectric generating plant and related transmission facilities situated in Labrador and having a rated capacity of 5,428,000 kW ("CF(L)Co Project"). A power contract with Hydro-Québec, dated May 12, 1969 ("Power Contract") provides for the sale of substantially all the energy from the CF(L)Co Project until 2041. CF(L)Co receives certain benefits from Hydro-Québec, including significant revenues, under a guaranteed winter availability contract through 2041.

The cost of HYDRO's investment in CF(L)Co exceeded the equity in the book value of the net assets acquired by \$77.1 million. This amount is assigned to capital assets and is being amortized on a straight-line basis at the rate of 1.5% per annum. As at December 31, 1999, \$28.9 million (1998 - \$27.7 million) had been amortized.

Under the terms and conditions of the Churchill Falls (Labrador) Corporation (Lease) Act, 1961, CF(L)Co must pay rentals and royalties to the Province annually.

A portion of HYDRO's shareholding in CF(L)Co is deposited in a voting trust pursuant to an agreement with Hydro-Québec.

GIPCo is incorporated under the laws of Canada. Its objective was to develop the hydroelectric potential at Gull Island on the Lower Churchill River in Labrador, and construct a direct current transmission system from Labrador to the island of Newfoundland (the "Gull Island Project"), (see Note 4).

LCDC is incorporated under the laws of Newfoundland and was established with the objective of developing all or part of the hydroelectric potential of the Lower Churchill River (the "Lower Churchill Development"), (see Note 4).

CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

Cash equivalents and short-term investments consist primarily of Canadian treasury bills and banker's acceptances bearing interest rates of 4.60% to 5.10% (1998 - 4.65% to 5.47%). Those with original maturities at date of purchase of three months or less are classified as cash equivalents whereas those with original maturities beyond three months and less than twelve months are classified as short-term investments. Both are stated at cost, which approximates market value.

CAPITAL ASSETS AND DEPRECIATION

Expenditures for additions, improvements and renewals are capitalized and normal expenditures for maintenance and repairs are charged to operations.

HYDRO, GIPCo and LCDC

Construction in progress includes the costs incurred in preliminary feasibility studies, engineering and construction of new generation, transmission and distribution facilities. Interest is charged to construction in progress at rates equivalent to the weighted average cost of funds borrowed.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (cont'd)

CAPITAL ASSETS AND DEPRECIATION (cont'd)

HYDRO, GIPCo and LCDC (cont'd)

HYDRO has made no provision in its accounts to date for future removal and site restoration costs. The inclusion of these costs in the rate base is subject to the rate setting process.

Contributions in aid of construction are funds received from customers and governments toward the cost of capital assets. Contributions are treated as a reduction to capital assets and the net capital assets are depreciated.

Depreciation is calculated on hydroelectric generating plant and on transmission plant in service on the sinking fund method using interest factors ranging from 5.25% to 15.79%. Depreciation on other plant in service is calculated on the straight-line method. These methods are designed to fully amortize the cost of the facilities, after deducting contributions in aid of construction, over their estimated service lives.

Estimated service lives of the major assets are as follows:

Generation Plant	
Hydroelectric	50, 75 and 100 years
Thermal	25 and 30 years
Diesel	20 years
Transmission	
Lines	40 and 50 years
Switching stations	40 years
Distribution System	30 years
Other	3 to 50 years

CF(L)Co

CF(L)Co uses the group depreciation method for certain capital assets other than the generation plant, transmission and terminals and service facilities.

Depreciation is provided on a straight-line basis over the following estimated useful lives:

Generation Plant	
Hydroelectric	67 years
Transmission and Terminals	67 years
Service facilities	67 years
Other	5 to 100 years

CF(L)Co has made no provision in its accounts for future removal and site restoration costs as they cannot be estimated at this time.

Losses on other than normal retirements are charged to operations in the year incurred as adjustments to depreciation expense.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (cont'd)

DEBT DISCOUNT AND FINANCING EXPENSES

These costs are amortized on a straight-line basis over the lives of the respective debt issues.

RATE STABILIZATION PLAN

On January 1, 1986, HYDRO, having received the concurrence of the PUB, implemented a rate stabilization plan which primarily provides for the deferral of cost variances resulting from changes in fuel prices, levels of precipitation and load. The balance in the plan is amortized over a three year period. Adjustments required in retail rates to cover the amortization of the balance in the plan do not require a reference to the PUB and are implemented on July 1 of each year. Similar adjustments required in industrial rates are implemented on January 1 of each year.

PROMISSORY NOTES

Promissory Notes bear interest from 4.90% to 5.40% (1998 - 4.92% to 5.60%) with carrying value approximating fair value due to their short-term nature.

REVENUE RECOGNITION

Revenue is recorded on the basis of power deliveries made.

Deferred revenue represents amounts billed under the Power Contract in excess of energy delivered. Amounts related to energy delivered in excess of the base amount, as defined by the Power Contract, are recorded as receivables.

Differences between amounts related to energy delivered and the base amounts are determined annually and are subject to interest at 7% (1998 - 7%). These amounts are also subject to yearly review and adjustment.

FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into their Canadian dollar equivalent as follows:

- (a) At the transaction date, each asset, liability, revenue or expense is translated using exchange rates in effect at that date.
- (b) At each balance sheet date monetary assets and liabilities are translated using exchange rates in effect at that date.
 - (i) In the case of HYDRO, foreign exchange losses related to long-term debt, including current portion, are subject to the rate setting process. The PUB has accepted the inclusion by HYDRO of realized foreign exchange losses in rates charged to customers. Any such loss, net of any gain, not recovered due to the operation of the rate setting process is deferred to the time of the next rate hearing for inclusion in the new rates to be set at that time. Commencing in 1992, the PUB required HYDRO to provide a \$1.0 million annual provision for a foreign exchange loss on its Swiss Franc denominated debt. This provision is included in interest expense.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (cont'd)

FOREIGN CURRENCY TRANSLATION (CONT'D)

- (ii) Under the provisions of the Power Contract CF(L)Co's exposure for a foreign exchange loss is limited. CF(L)Co recovers a portion of the difference between actual foreign exchange rates prevailing at the settlement dates of its First Mortgage Bonds and a Weighted Average Exchange Rate as defined in the Power Contract. The recoverable portion of the unrealized foreign exchange loss is deferred until the settlement dates. The foreign exchange loss not recoverable under the Power Contract is being amortized to operations on a straight-line basis over the remaining life of the debt.

FINANCIAL INSTRUMENTS

HYDRO enters into interest rate swap agreements to manage interest rate risk. Net receipts or payments under the swap agreements are recorded as adjustments to interest expense.

PENSION PLAN

Employees participate in the Province's Public Service Pension Plan, a multi-employer defined benefit plan, to which contributions are made equally by the employers and employees.

OTHER EMPLOYEE FUTURE BENEFITS

The employers provide group life insurance and health care benefits on a cost-shared basis to retired employees, and in certain cases, their surviving spouses, in addition to a severance payment upon retirement. The cost of providing these benefits is charged to operations as the benefits are incurred. Commencing in 2000, HYDRO will implement accrual accounting for these other employee future benefits, as required by new recommendations from the Canadian Institute of Chartered Accountants.

2. Accounting Change

STATEMENT OF CASH FLOWS

HYDRO has adopted the new recommendations of the Canadian Institute of Chartered Accountants with respect to Cash Flow Statements, the major effect of which is a change in the definition of cash equivalents and the exclusion of certain non-cash transactions. The change has been applied retroactively and prior years have been restated.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Capital Assets

	Capital Assets In Service	Contributions In Aid Of Construction	Accumulated Depreciation	Construction In Progress
<i>millions of dollars</i>	1999			
Generation Plant				
Hydroelectric	1,238.4	20.5	223.9	0.8
Thermal	222.4	-	157.5	0.2
Diesel	53.1	10.2	17.9	1.0
Transmission and Distribution	616.1	56.6	119.5	12.3
Service facilities	22.3	-	8.6	-
Project costs (Note 4)	96.9	-	-	-
Capital studies (Note 4)	24.9	-	-	-
Other	204.2	18.3	101.2	27.9
	2,478.3	105.6	628.6	42.2
<i>millions of dollars</i>	1998			
Generation Plant				
Hydroelectric	1,468.7	20.5	299.0	0.8
Thermal	244.3	-	155.5	1.9
Diesel	51.0	10.2	15.5	0.2
Transmission and Distribution	664.0	57.3	130.2	2.7
Service facilities	34.0	-	12.6	-
Project costs (Note 4)	97.0	-	-	-
Capital studies (Note 4)	25.0	-	-	-
Other	223.7	26.5	106.5	11.2
	2,807.7	114.5	719.3	16.8

Included in the above amounts are CF(L)Co assets in service amounting to \$621.6 million (1998 - \$942.8 million) which are pledged as collateral for long-term debt.

The Roddickton/St. Anthony area was interconnected to the main Island grid in 1996. At that time, a 5,000 kW woodchip fired thermal generating station and a 2,350 kW diesel generating station in Roddickton were removed from normal production and placed in stand-by mode for a period of time during which the performance of the new transmission interconnection was assessed. In November 1999, HYDRO applied to the PUB to abandon and decommission these generating stations. In February 2000, the PUB issued an order authorizing HYDRO to abandon the woodchip fired thermal generating station, resulting in a write-down of capital assets of \$16.7 million. The PUB has deferred a decision on the diesel generating station (net carrying amount - \$0.4 million).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Investments

Investments consist of the following:

<i>millions of dollars</i>	1999	1998
Lower Churchill Option	5.2	5.2
Government of Canada Coupons, at cost (market value \$7.7; 1998 - \$16.8)	7.8	16.5
	13.0	21.7

LCDC was incorporated in 1978 pursuant to the provisions of an agreement (the "Principal Agreement"), between the Province and the Government of Canada. The Province and the Government of Canada own equity interests of 51% and 49% of LCDC, respectively. The Principal Agreement provides that future issues of Class A common shares shall preserve, as nearly as possible, this ratio of beneficial ownership. HYDRO is the designate for the Province's shareholding in LCDC.

Upon agreement to continue with the Lower Churchill Development, GIPCo's assets and the hydroelectric development rights to the Lower Churchill River, (the "Water Rights"), will be acquired by LCDC pursuant to the provisions of an agreement between LCDC and the Province, (the "Option Agreement"). The purchase price in respect of GIPCo's assets will be a maximum of \$100.0 million less \$5.2 million representing the value assigned to 520 Class A common shares of LCDC issued pursuant to the signing of the Option Agreement. As consideration for GIPCo's assets, LCDC will issue a 10% Convertible Demand Debenture in the amount of \$94.8 million. LCDC will issue 3,000 Class B common shares, without nominal or par value, to the Province in consideration of the Water Rights and the Province will transfer such shares to HYDRO. The parties have agreed that the value of each Class B common share is \$10,000. The Option Agreement expires November 24, 2000 and it is not anticipated that there will be any loss upon sale of GIPCo's assets to LCDC.

HYDRO holds 1,540 Class A common shares of LCDC which have a stated value of \$10,000 each. 520 shares were acquired in 1979 pursuant to signing of the Option Agreement and 510 shares were acquired in each of the years 1980 and 1981, by way of capital contributions from the Province.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Joint Venture

The following amounts included in the consolidated financial statements represent HYDRO's proportionate share of CF(L)Co's assets and liabilities at December 31, 1999, and its proportionate interest in CF(L)Co's operations from June 18, 1999 through December 31, 1999. The investment is fully consolidated prior to June 18, 1999 (Note 1).

<i>millions of dollars</i>	1999
Current assets	31.6
Long-term assets	423.8
Current liabilities	34.2
Long-term liabilities	195.6
Revenues	30.3
Expenses	22.1
Net income	8.2
Cash provided by (used in)	
Operating activities	14.7
Financing activities	(9.5)
Investing activities	2.1

6. Deferred Charges

<i>millions of dollars</i>	1999	1998
Unamortized debt discount, financing expenses and other	15.2	15.8
Foreign exchange losses		
HYDRO - Realized	96.3	96.3
CF(L)Co		
Recoverable under the Power Contract	41.4	87.8
Unrecoverable portion to be amortized	6.2	11.7
	143.9	195.8
Less current portion recoverable included in current assets	5.7	9.9
	138.2	185.9
	153.4	201.7

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Long-Term Debt

	HYDRO	CF(L)Co	Total	HYDRO	CF(L)Co	Total
<i>millions of dollars</i>	1999			1998		
Summary of long-term debt						
Long-term debt	1,042.9	220.8	1,263.7	1,134.4	388.8	1,523.2
Less payments due within one year	12.1	25.2	37.3	87.1	37.6	124.7
	1,030.8	195.6	1,226.4	1,047.3	351.2	1,398.5

Required repayments of long-term debt and sinking fund requirements over the next five years will be as follows:

<i>millions of dollars</i>	2000	2001	2002	2003	2004
	37.3	189.7	141.7	44.1	28.0

The payments due within one year include sinking fund requirements of \$5.8 million (1998 - \$6.2 million).

Details of long-term debt are as follows:

HYDRO

Series	Interest Rate %	Year of Issue	Call Date	Year of Maturity	1999	1998	
<i>millions of dollars</i>							
N	13.375	1981	1999	2001	-	75.0	(a)
W	10.750	1991	-	2001	150.0	150.0	
	10.000	1977	1999	2002	-	30.0	(a)
Z	5.250	1997	-	2002	100.0	100.0	
V	10.500	1989	-	2014	125.0	125.0	(a)
X	10.250	1992	-	2017	150.0	150.0	(a)
Y	8.400	1996	-	2026	300.0	300.0	(a)
AA	5.500	1998	-	2008	200.0	200.0	
Total debentures					1,025.0	1,130.0	
Less sinking fund investments in own debentures					29.7	49.0	
					995.3	1,081.0	
Government of Canada loans at 5.25% to 7.91% maturing in 2006 to 2014					41.6	46.4	
Other					6.0	7.0	
					1,042.9	1,134.4	
Less payments due within one year					12.1	87.1	
					1,030.8	1,047.3	

(a) Sinking funds have been established for these issues.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Long-Term Debt (cont'd)

HYDRO (cont'd)

Promissory notes, debentures and long-term loans are unsecured and unconditionally guaranteed as to principal and interest and where applicable, sinking fund payments, by the Province. The Province charges HYDRO a guarantee fee of one percent annually on the total debt (net of sinking funds) guaranteed by the Province, outstanding as of the preceding December 31.

CF(L)Co

<i>millions of dollars</i>	1999	1998
First Mortgage Bonds		
7.750% Series A due December 15, 2007 (U.S. \$114.5; 1998 - U.S. \$196.3)	165.3	300.9
7.875% Series B due December 15, 2007	11.6	19.8
General Mortgage Bonds		
7.500% due December 15, 2010	43.9	68.1
	220.8	388.8
Less payments due within one year	25.2	37.6
	195.6	351.2

The First Mortgage Bonds, Series A and B, are repayable in fixed semi-annual and in contingent annual sinking fund installments. There has been no contingent repayments in the last five years.

The Deed of Trust and Mortgage securing the General Mortgage Bonds provides for semi-annual sinking fund payments and a balloon payment at maturity. Each semi-annual payment is equal to 1% of the aggregate principal amount outstanding on January 1, preceding each payment date. The General Mortgage Bonds are subordinate to the First Mortgage Bonds.

Due to the contingent nature of the amounts of certain of the sinking fund installments, it is not possible to be precise concerning long-term debt repayments over the next five years; however fixed sinking fund payments are estimated to average \$26.3 million in each of the years 2000 to 2004 inclusive.

Under the terms of long-term debt instruments, CF(L)Co may pay cash dividends only out of earnings, as defined, accumulated from September 1, 1976.

8. Long-Term Payable

The long-term payable to Hydro-Québec bears interest at 7% per annum and is repayable over a four year period which commenced in September 1996. The current portion of \$1.3 million (1998 - \$2.9 million) is included in accounts payable and accrued liabilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Financial Instruments

FAIR VALUE

The estimated fair values of financial instruments as at December 31, 1999 and 1998 are based on relevant market prices and information available at the time. The fair value of long-term debt and the long-term payable is estimated based on the quoted market price for the same or similar debt instruments. The fair value estimates below are not necessarily indicative of the amounts that HYDRO might receive or incur in actual market transactions. As a significant number of HYDRO's assets and liabilities, including fuels and supplies and capital assets, do not meet the definition of financial instruments, the fair value estimates below do not reflect the fair value of HYDRO as a whole.

	Carrying Value	Fair Value	Carrying Value	Fair Value
<i>millions of dollars</i>	1999		1998	
Financial Assets				
Sinking funds	28.8	27.3	113.3	118.3
Financial Liabilities				
Long-term debt including amount due within one year	1,263.7	1,398.9	1,523.2	1,792.4
Long-term payable including amount due within one year	1.3	1.1	4.8	4.6
Interest rate swaps	-	0.2	-	-

Cash and cash equivalents, short-term investments, accounts receivable, bank indebtedness, accounts payable, accrued interest and promissory notes are all short-term in nature and as such, their carrying value approximates fair value. At December 31, 1999 of the total accounts receivable balance outstanding approximately 38.14% (1998 - 29.57%) is due from a regulated utility, and 36.04% (1998 - 41.94%) from Hydro-Québec.

SINKING FUNDS

Sinking fund investments consist of bonds, debentures, promissory notes and coupons issued by, or guaranteed by, the Government of Canada or any province of Canada, and have maturity dates ranging from 1999 to 2026. HYDRO debentures which Management intends to hold to maturity are deducted from long-term debt while all other sinking fund investments are shown separately on the balance sheet as assets. Annual contributions to the various sinking funds are as per bond indenture terms, and are structured to ensure the availability of adequate funds at the time of expected bond redemption. Effective yields range from 5.48% to 10.55% (1998 - 5.80% to 11.68%).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Financial Instruments (cont'd)

INTEREST RATE RISK

HYDRO has entered into an interest rate swap agreement with a major Canadian financial institution in order to manage the interest rate exposure associated with its debt. The notional amount of the swap (\$100 million) does not represent an amount exchanged between the parties and is not a measure of HYDRO's exposure resulting from the use of swaps. HYDRO receives a fixed rate of 4.62% and pays the three month Canadian Dealers Offered Rate which is fixed quarterly. The agreement expires in March, 2000.

10. Interest Expense

<i>millions of dollars</i>	1999	1998
Gross interest		
Long-term debt	123.5	155.3
Promissory notes	3.6	7.3
	127.1	162.6
Amortization of debt discount and financing expenses	1.4	1.8
Provision for foreign exchange losses	1.0	1.0
	129.5	165.4
Less		
Recovered from Hydro-Québec (a)	16.5	21.8
Interest capitalized during construction	2.0	0.4
Interest earned	14.4	36.8
Net interest expense	96.6	106.4
Debt guarantee fee	11.0	11.4
Net interest and guarantee fee	107.6	117.8

- (a) Under the terms of the Power Contract, CF(L)Co recovers the difference between interest calculated at the rates prescribed in the Power Contract and interest paid on its long-term debt.

Also, Churchill Falls can request HYDRO and Hydro-Québec to make advances against the issue of Subordinated Debt Obligations, to service its debt and to cover expenses if funds are not otherwise available. If such request fails to attract sufficient advances, Churchill Falls can require Hydro-Québec to make additional advances, against the issue of units of Subordinate Debentures and shares of common stock, to service its debt and to cover its expenses that remain unfunded.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Commitments and Contingencies

- (a) Under the terms of a sublease with Twin Falls, expiring on December 31, 2014, CF(L)Co is required to deliver to Twin Falls, at an agreed price, horsepower equivalent to the installed horsepower of the Twin Falls plant and to maintain Twin Falls' plant and equipment.
- (b) HYDRO has received claims instituted by various companies with respect to construction costs, outages and plant shutdowns. The aggregate of these claims, less any amounts that have been provided for in HYDRO's financial statements is approximately \$2.3 million (1998 - \$2.2 million). The final resolution of these matters is currently under negotiation.

Legal proceedings have been commenced against HYDRO by one of its customers claiming approximately \$22.7 million related to outages and plant shutdowns. HYDRO is defending this claim and Management believes that this claim will not be successful.
- (c) Outstanding commitments for capital projects total approximately \$18.8 million at December 31, 1999 (1998 - \$16.0 million).

12. Comparative Figures

Certain of the 1998 comparative figures have been reclassified to conform with the 1999 financial statement presentation.

FINANCIAL STATISTICS

Years ended December 31

<i>m millions of dollars</i>	1999 ⁽¹⁾	1998	1997	1996	1995
OPERATING RESULTS					
Revenue					
Energy sales	384.4	391.8	376.9	364.7	365.5
Rentals and royalties	0.4	0.5	0.5	0.5	0.7
Recovery of costs in RSP	15.4	10.9	7.2	1.5	-
Guaranteed Winter Availability	3.6	-	-	-	-
Other	2.4	1.6	1.2	2.4	3.4
	406.2	404.8	385.8	369.1	369.6
Expenses					
Operations and administration	112.3	114.1	106.9	108.7	108.1
Amortization of RSP costs	15.4	10.9	7.2	1.5	-
Fuels and power purchased	48.2	34.0	46.4	43.8	42.3
Depreciation	51.3	50.5	48.0	46.8	45.7
Interest	107.6	117.8	128.4	134.6	134.8
	334.8	327.3	336.9	335.4	330.9
Income from Operations	71.4	77.5	48.9	33.7	38.7
Write Down of Capital Assets	16.7	-	-	-	-
Net Income Before					
Non-controlling Interest	54.7	77.5	48.9	33.7	38.7
Non-controlling Interest	3.1	7.9	5.5	4.8	5.8
Net Income	51.6	69.6	43.4	28.9	32.9
Contributions to Net Income					
HYDRO Corporate	31.7	51.2	30.9	20.1	22.6
CF(L)Co	19.9	18.4	12.5	8.8	10.3
FINANCIAL POSITION					
Total Current Assets	143.3	164.0	146.6	170.7	156.1
Total Current Liabilities	166.9	294.4	433.0	324.4	427.3
Net Working Capital	(23.6)	(130.4)	(286.4)	(153.7)	(271.2)
Fixed Assets	2,414.9	2,710.0	2,677.5	2,649.8	2,601.3
Accumulated Depreciation	628.6	719.3	669.2	624.0	559.6
Fixed Assets, Net	1,786.3	1,990.7	2,008.3	2,025.8	2,041.7
Sinking Funds	28.8	113.3	144.3	203.1	325.9
Other Assets	183.9	255.1	245.8	220.8	227.4
Long-Term Debt	1,226.4	1,398.5	1,334.0	1,538.7	1,584.6
Other Liabilities	22.8	138.6	139.2	141.0	138.9
Shareholder's Equity	726.2	691.6	638.8	616.3	600.3
EMPLOYEES AT YEAR END					
Permanent	1,069	1,078	1,097	1,098	1,155
Temporary	207	196	156	155	180
Total	1,276	1,274	1,253	1,253	1,335

(1) Effective June 18, 1999, HYDRO adopted the proportionate consolidation method of accounting for its interest in CF(L)Co (65.8%)

OPERATING STATISTICS

Years ended December 31

	1999	1998	1997	1996	1995
INSTALLED GENERATING CAPACITY(rated MW)					
CF(L)Co	5,428	5,428	5,428	5,428	5,428
TWInCo	225	225	225	225	225
HYDRO					
Hydraulic	899	899	899	899	899
Thermal	645	645	645	645	645
Diesel	58	58	58	58	57
Total	7,255	7,255	7,255	7,255	7,254
ELECTRIC ENERGY GENERATED, NET (GWh)					
CF(L)Co	34,508	37,543	33,727	28,998	29,945
HYDRO					
Hydraulic	4,801	4,260	4,628	4,574	4,394
Thermal	914	1,255	1,528	1,409	1,554
Diesel	41	41	41	64	74
Total	40,264	43,099	39,924	35,045	35,967
ELECTRIC ENERGY SALES (GWh)					
CF(L)Co					
Export	29,674	32,793	30,301	25,748	26,693
HYDRO					
Utility	4,084	4,157	4,306	4,187	4,214
Rural	830	811	815	765	751
Industrial	1,343	1,286	1,660	1,637	1,541
Export	1,731	1,344 ⁽¹⁾	-	-	-
Total	37,662	40,391	37,082	32,337	33,199
AVERAGE SALES REVENUE (cents per kWh)					
CF(L)Co					
Export	0.27	0.27	0.27	0.29	0.30
HYDRO					
Utility	4.49	4.49	4.51	4.53	4.53
Rural	5.54	5.46	5.45	5.65	5.76
Industrial	3.58	3.26	3.24	3.27	3.27
Export	2.22	2.21 ⁽¹⁾	-	-	-
TRANSMISSION LINES (kilometres)					
CF(L)Co					
735 kV	608	608	608	608	608
230 kV	431	431	431	431	431
HYDRO					
230 kV	1,531	1,531	1,531	1,531	1,531
138 kV	1,482	1,482	1,482	1,482	1,431
69 kV	636	636	636	636	588
Total	4,688	4,688	4,688	4,688	4,589
PEAK DEMAND (MW)					
CF(L)Co System	5,590	5,602	5,584	5,577	5,690
HYDRO System	1,265	1,295	1,229	1,318	1,250

(1) Restated to 1999 format.

The Newfoundland Cancer Treatment and Research Foundation

Financial Statements

March 31, 1998

AUDITORS' REPORT

To the Members of The Newfoundland
Cancer Treatment and Research Foundation

We have audited the balance sheet of **The Newfoundland Cancer Treatment and Research Foundation** as at March 31, 1998 and the statements of revenue and expenditure - fund balances and statement of cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives revenue from donations and other fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenues, excess of expenditure over revenue, assets and fund balance.

In our opinion, except for the effect of adjustments, if any, which might have been required had we been able to satisfy ourselves with respect to the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

St. John's, Newfoundland,
July 3, 1998.

Ernst & Young
Chartered Accountants

The Newfoundland Cancer Treatment and Research Foundation

Incorporated in Newfoundland under The Cancer Treatment and Research Foundation Act, 1971

BALANCE SHEET

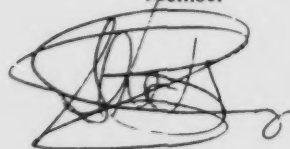
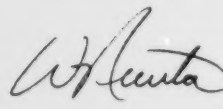
As at March 31

	1998 \$	1997 \$
		<i>[Restated - note 8]</i>
ASSETS		
Current		
Cash	271,606	286,308
Temporary Investments <i>[note 3]</i>	167,950	160,825
Accounts receivable <i>[note 4]</i>	356,176	327,817
Prepaid expenses	42,324	10,206
Total current assets	838,056	785,156
Capital assets <i>[notes 5 and 8]</i>	5,250,471	5,390,108
	6,088,527	6,175,264
LIABILITIES AND ACCUMULATED FUNDS		
Current		
Accounts payable and accrued liabilities	1,938,382	1,366,469
Current portion of accumulated severance pay	36,459	15,000
Deferred revenue	—	14,410
Due to Government of Newfoundland and Labrador, Department of Health	53,000	53,000
Total current liabilities	2,027,841	1,448,879
Accumulated severance pay	308,121	293,121
Deferred capital contributions <i>[note 8]</i>	2,190,991	2,046,618
Funds		
Operating fund	(1,497,906)	(956,844)
Capital fund	3,059,480	3,343,490
	1,561,574	2,386,646
Commitments <i>[note 6]</i>	6,088,527	6,175,264

See accompanying notes

On behalf of the Foundation:

Member Member

The Newfoundland Cancer Treatment and Research Foundation

STATEMENT OF REVENUE AND EXPENDITURE

Year ended March 31

	1998 \$	1997 \$ <i>[Restated - note 8]</i>
REVENUE		
Government of Newfoundland and Labrador annual grant	5,564,383	5,814,300
M.C.P. Medical Services Grant	1,135,429	1,093,737
Amortization of deferred capital contributions	277,627	245,166
Clinical trials	263,978	120,234
Donations	416,701	375,991
Cancer Care Centre fundraising (net of costs of \$24,859; 1997 - \$11,203)	107,891	92,050
Third party billings	57,149	53,848
Interest	24,314	65,665
Miscellaneous	38,819	49,632
	<u>7,886,291</u>	<u>7,910,623</u>
EXPENDITURE		
Program, administrative and operating	8,653,104	7,909,237
Vacation and severance pay	58,259	(29,035)
	<u>8,711,363</u>	<u>7,880,202</u>
(Deficiency) excess of revenue over expenditure	<u>(825,072)</u>	<u>30,421</u>

See accompanying notes

The Newfoundland Cancer Treatment and Research Foundation

STATEMENT OF FUND BALANCES

Year ended March 31

	Operating Fund \$	Capital Fund \$	Total 1998 \$	Total 1997 \$
				<i>[Restated - note 8]</i>
Balance, beginning of year	(956,844)	3,343,490	2,386,646	2,356,225
(Deficiency) excess of revenue over expenditure	(693,443)	(131,629)	(825,072)	30,421
Interfund transfers	152,381	(152,381)	—	—
	(1,497,906)	3,059,480	1,561,574	2,386,646

See accompanying notes

The Newfoundland Cancer Treatment and Research Foundation

STATEMENT OF CASH FLOWS

Year ended March 31

	1998 \$	1997 \$
		<i>[Restated - note 8]</i>
OPERATING ACTIVITIES		
Excess of expenditure over revenue	(825,072)	30,421
Add (deduct) items not requiring an outlay of cash:		
Depreciation	409,256	400,114
Amortization of deferred capital contributions	(277,627)	(245,166)
Increase (decrease) in severance pay accrual	36,459	(40,633)
	(656,984)	144,736
Net change in non-cash working capital balances	489,901	83,572
Cash (used in) provided by operating activities	(167,083)	228,308
INVESTING ACTIVITIES		
Purchase of fixed assets	(269,619)	(1,177,288)
Increase in capital contributions	422,000	175,642
Cash provided by (used in) operating activities	152,381	(1,001,646)
Net decrease in cash	(14,702)	(773,338)
Cash, beginning of year	286,308	1,059,646
Cash, end of year	271,606	286,308

See accompanying notes

The Newfoundland Cancer Treatment and Research Foundation

NOTES TO FINANCIAL STATEMENTS

March 31, 1998

1. GENERAL

The Newfoundland Cancer Treatment and Research Foundation ("the Foundation") was established in 1971 by an Act of the Provincial House of Assembly with a mandate to establish and coordinate a cancer control program in Newfoundland and Labrador. Through judicious employment of its resources and collaboration with institutions and community resources, the mission of the Foundation is to serve people of the province by providing excellent and comprehensive cancer treatment, prevention, screening and supportive programs, actively participating in the education of health care professionals and providers; continuing and fostering research of high quality and operating effective cancer registries.

The Foundation is a public organization and is exempt from income tax and may issue tax deductible receipts to donors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles.

Preparation of these financial statements requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results.

Outlined below are those policies considered particularly significant to the Foundation.

Capital assets

Capital assets purchased by the Foundation are recorded at cost and those donated to the Foundation are recorded at their estimated fair market value at the date of acquisition. Capital assets are amortized on a straight line basis over the following periods. A full year of depreciation is recorded in the year of acquisition.

Computer equipment	5 years
Office furniture and fixtures	10 years
Biomedical and other equipment	15 years
Building	30 years

Contributions received from the Department of Health for capital assets are deferred in the accounts and amortized over the same term and on the same basis as the related capital asset.

Donated artwork is recorded at estimated fair market value and is not amortized.

The Newfoundland Cancer Treatment and Research Foundation

NOTES TO FINANCIAL STATEMENTS

March 31, 1998

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [cont'd]

Revenue recognition

The Foundation recognizes donation revenue in the period in which it is received. All other revenues, including pledges, and expenses, including vacation pay, are recognized on the accrual basis of accounting.

Severance pay

A liability for severance pay is recorded in the accounts for all employees who have a vested right to receive a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who has less than nine years of eligible service.

Funds

Funds are classified as follows:

Operating - funds available for general purposes.

Capital Fund - fund representing balance of net capital assets held by the Foundation and deferred revenue relating to donated capital assets.

Accounting for transactions with the Department of Health for the Province of Newfoundland and Labrador

The Foundation is reimbursed by the Department for the total shareable operating costs.

The final total to be received (paid) is subject to the Department of Health's incentive plan and is not determined until the Department has reviewed the Foundation's financial statements. The management of the Foundation considers that the amount recorded as receivable (payable) from (to) the Department reflects the proper recording of shareable revenues and operating costs. Adjustments resulting from the Department's review are reflected in the Operating Fund in the year of settlement.

The Newfoundland Cancer Treatment and Research Foundation

NOTES TO FINANCIAL STATEMENTS

March 31, 1998

3. TEMPORARY INVESTMENTS

Temporary investments consist of the following:

	1998 \$	1997 \$
Export Development Corporation Bonds. Interest at 8 % (1997 - 7.125%), maturing November 2, 2005. (Government of Canada guaranteed - market value at March 31, 1998 - \$100,800; March 31, 1997 - \$102,000)	100,000	100,000
Units of Atlas Canadian Large Capital Growth Fund. (Total units - 3,970; market value at March 31, 1998 - \$93,231; March 31, 1997 - \$62,455)	67,950	60,825
	<u>167,950</u>	<u>160,825</u>

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	1998 \$	1997 \$
Due from Department of Works, Services and Transportation - shareable equipment	—	3,257
Due from Department of Health		
Salaries	58,683	—
Seat purchases	14,000	20,000
Capital	—	120,000
Other	2,225	—
M.C.P. receivable	81,913	65,545
Other	199,355	119,015
	<u>356,176</u>	<u>327,817</u>

The Newfoundland Cancer Treatment and Research Foundation

NOTES TO FINANCIAL STATEMENTS

March 31, 1998

5. CAPITAL ASSETS

Capital assets are comprised of the following:

	1998		Net book value
	Cost	Accumulated depreciation	
	\$	\$	\$
Building (note 6)	2,532,600	337,753	2,194,847
Biomedical and other equipment	3,993,189	1,599,658	2,393,531
Computer equipment	681,416	368,923	312,493
Office furniture and fixtures	489,549	169,389	320,160
Donated artwork	29,440	—	29,440
	7,726,194	2,475,723	5,250,471

	1997		Net book value
	Cost	Accumulated depreciation	
	\$	\$	\$
Building (note 6)	2,400,000	333,333	2,066,667
Biomedical and other equipment	3,898,777	1,372,402	2,526,375
Computer equipment	662,094	238,236	423,858
Office furniture and fixtures	468,264	122,496	345,768
Donated artwork	27,440	—	27,440
	7,456,575	2,066,467	5,390,108

The Newfoundland Cancer Treatment and Research Foundation

NOTES TO FINANCIAL STATEMENTS

March 31, 1998

6. COMMITMENTS

In cooperation with the Province of Newfoundland and Labrador, the Foundation had committed to raise \$2,700,000 as its share to assist in the construction of the Dr. H. Bliss Murphy Cancer Centre ("the Centre") at the Health Sciences Complex. The Foundation paid \$700,000 to the Provincial Government in respect of this commitment in fiscal 1993, \$600,000 in fiscal 1994, \$100,000 in fiscal 1995, \$400,000 in fiscal 1996 and \$600,000 in fiscal 1997. The remaining \$300,000 payment was scheduled to be paid in fiscal 1998. However, a portion of the floor space (289 meters square) within the Centre is now occupied by the Provincial Medical Genetics Program. This space represents approximately 6.2% of the total floor space of the Centre. The Foundation reached an agreement with the Department of Health whereby the commitment was to be reduced by the percentage of floor occupied by the Genetics Program. Therefore, the final payment was reduced to \$132,600 (which equates to the final payment of \$300,000 less \$167,400 which represents the total original commitment of \$2.7 million multiplied by the percentage of the floor space held by the Genetics Program - 6.2%).

The total contribution by the Foundation towards the construction of the Centre of \$2,532,600 has been recorded as a capital asset (see note 5 above).

The Foundation is committed under long-term leases on computer equipment and other equipment to make rental payments as follows over the next five years:

	\$
1999	12,119
2000	12,119
2001	5,012
2002	2,439
2003	—

7. FINANCIAL INSTRUMENTS

The carrying value of the primary financial instruments of the Foundation approximates fair value. At year end, the Foundation did not have any significant exposure to any party or counter party.

The Newfoundland Cancer Treatment and Research Foundation

NOTES TO FINANCIAL STATEMENTS

March 31, 1998

8. CHANGE IN ACCOUNTING POLICY

The Canadian Institute of Chartered Accountants issued new accounting recommendations for Not-for-Profit organizations in March, 1996 for implementation for all fiscal years beginning on or after April 1, 1997. These recommendations have been adopted for the current year and have been applied on a retroactive basis with restatement of prior year's figures.

Capital assets

The Foundation previously expensed capital additions in the year of acquisition. The new policy of capitalizing capital assets resulted in the recording of the capital fund with a balance of \$2,496,792 at the beginning of fiscal 1997. The balance consisted of the following:

	\$
Building	1,506,667
Biomedical and other equipment	2,324,669
Computer equipment	380,398
Office furniture and fixtures	373,760
Donated artwork	27,440
Less: Unamortized portion of deferred capital contributions	(2,116,142)
	2,496,792

Adopting this policy resulted in a net increase in fund balance from the results previously reported for fiscal 1997 of \$3,343,490. The net increase is due to the following:

	\$
Capital assets	7,456,575
Capital contributions	(3,187,155)
Depreciation	(2,066,467)
Amortization of deferred capital contributions	1,140,537
	3,343,490

The balance sheet for 1997 was restated to include the following:

	1997
	\$
Capital assets	5,390,108
Deferred capital contributions	2,046,618
Capital fund	3,343,490

The Newfoundland Cancer Treatment and Research Foundation

NOTES TO FINANCIAL STATEMENTS

March 31, 1998

8. CHANGE IN ACCOUNTING POLICY [cont'd]

The 1997 balances in the new facility, special purpose and general board funds were combined with the operating fund.

The following items were restated on the statement of revenue and expenditure:

	1997 As previously reported \$	Restatement \$	1997 As restated \$
Amortization of deferred contributions	—	245,166	245,166
Contribution to the capital costs of the Dr. H. Bliss Murphy Cancer Centre	600,000	(600,000)	—
Capital expenditures - furniture and equipment	577,288	(577,288)	—
Program, administrative and operating	7,509,123	400,114	7,909,237

9. COMPARATIVE FIGURES

The comparative financial statements have been reclassified from financial statements previously presented to conform to the presentation of the 1998 financial statements.

NEWFOUNDLAND CROP INSURANCE AGENCY

NEWFOUNDLAND CROP INSURANCE FUND

FINANCIAL STATEMENTS

31 MARCH 2000



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Directors of the
Newfoundland Crop Insurance Agency
St. John's, Newfoundland

I have audited the balance sheet of the Newfoundland Crop Insurance Agency, Newfoundland Crop Insurance Fund as at 31 March 2000 and the statement of revenue, expenditure and deficit for the year then ended. These financial statements are the responsibility of the Agency's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Newfoundland Crop Insurance Agency, Newfoundland Crop Insurance Fund as at 31 March 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Elizabeth Marshall

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
9 June 2000

NEWFOUNDLAND CROP INSURANCE AGENCY

NEWFOUNDLAND CROP INSURANCE FUND

BALANCE SHEET

31 MARCH 2000

	<u>2000</u>	<u>1999</u>
ASSETS		
Current		
Cash	\$ 41,221	\$ 16,128
Accounts receivable (Note 2)	<u>2,077</u>	<u>3,370</u>
	<u>\$ 43,298</u>	<u>\$ 19,498</u>
 LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (Note 3)	<u>\$ 2,357</u>	<u>\$ 10,843</u>
 Equity		
Contributions - Province of Newfoundland	205,000	205,000
Deficit	<u>(164,059)</u>	<u>(196,345)</u>
	<u>40,941</u>	<u>8,655</u>
	<u>\$ 43,298</u>	<u>\$ 19,498</u>

See accompanying notes

Signed on behalf of the Board:

Chairperson


Director

NEWFOUNDLAND CROP INSURANCE AGENCY

NEWFOUNDLAND CROP INSURANCE FUND

STATEMENT OF REVENUE, EXPENDITURE AND DEFICIT

FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u>	<u>1999</u>
REVENUE		
Province of Newfoundland		
Premium contributions (Note 4)	\$ 108,964	\$ 103,808
Contributions to deficit	-	19,692
Payments on behalf of the Agency for administration (Note 5)	<u>114,545</u>	<u>79,391</u>
	223,509	202,891
Premiums from insured persons	7,807	10,097
Appeal Administration Fee	200	-
Interest	<u>2,007</u>	<u>345</u>
	<u>233,523</u>	<u>213,333</u>
EXPENDITURE		
Administration (Note 5)		
Professional services	3,398	2,106
Purchased services	1,845	5,212
Salaries and benefits	89,564	53,072
Supplies	2,120	2,418
Transportation and communications	<u>17,618</u>	<u>16,583</u>
	114,545	79,391
Indemnity claims	85,567	134,729
Bank service charge	-	4
Bad debt expense	<u>1,125</u>	<u>-</u>
	<u>201,237</u>	<u>214,124</u>
Excess of revenue over expenditure (expenditure over revenue)	32,286	(791)
Deficit, beginning of year	<u>(196,345)</u>	<u>(195,554)</u>
Deficit, end of year	<u>\$(164,059)</u>	<u>\$(196,345)</u>

See accompanying notes

NEWFOUNDLAND CROP INSURANCE AGENCY

NEWFOUNDLAND CROP INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

Authority

The Newfoundland Crop Insurance Agency (the Agency) operates under the authority of the Crop Insurance Act. The purpose of the Agency is to operate the Newfoundland Crop Insurance Fund to provide insurance to Newfoundland farmers to restrict the amount of financial loss due to crop failure. Its affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. These statements are a representation of the activities of the Newfoundland Crop Insurance Fund.

1. Significant accounting policies

These financial statements have been prepared by the Agency in accordance with generally accepted accounting principles.

2. Accounts receivable

	<u>2000</u>	<u>1999</u>
Province of Newfoundland	\$1,200	\$1,200
Premiums from insured persons	<u>3,932</u>	<u>4,100</u>
	5,132	5,300
Less: allowance for doubtful accounts	<u>3,055</u>	<u>1,930</u>
	<u>\$2,077</u>	<u>\$3,370</u>

3. Accounts payable and accrued liabilities

	<u>2000</u>	<u>1999</u>
Province of Newfoundland	\$2,357	\$2,357
Other	-	<u>8,486</u>
	<u>\$2,357</u>	<u>\$10,843</u>

4. Premium contributions and administration expenditures

The Province of Newfoundland recovers 60% of premiums for Tier 1 coverage, 30% of premiums for Tier 2 coverage and 50% of administration expenditures under an agreement with the Government of Canada. These amounts, when recovered, are recorded by the Department of Forest Resources and Agrifoods as related revenue and are not reflected in these financial statements.

NEWFOUNDLAND CROP INSURANCE AGENCY

NEWFOUNDLAND CROP INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

5. Payments on behalf of the Agency for administration

Agency staff are employees of the Department of Forest Resources and Agrifoods. Salaries and other costs of \$114,545 (1999 - \$79,391) applicable to the operation of the Agency have been paid by the Department and are reflected in these financial statements as expenses of the Agency and as revenue in the form of payment made by the Province on behalf of the Agency.

6. Economic dependence

As a result of the Agency's reliance on provincial funding to meet its operating costs, the Agency's ability to continue viable operations is dependent upon continued funding from the Province.

7. Financial instruments

The Agency's financial instruments recognized in the balance sheet consist of cash, accounts receivable, accounts payable and accrued liabilities, the carrying values of which approximate fair value due to the short-term maturity associated with these instruments.

8. Income taxes

The Agency is a Crown entity of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member Firm of
Grant Thornton International

**Newfoundland Farm Products
Corporation
Financial Statements**
March 31, 2000

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Statements of Loss and Deficit	2
Balance Sheet	3
Statement of Cash Flows	4
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Auditors' Report

To His Honour the Lieutenant-Governor in Council

We have audited the balance sheet of Newfoundland Farm Products Corporation as at March 31, 2000, and the statements of loss and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000, and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
June 22, 2000

Chartered Accountants

Newfoundland Farm Products Corporation
Statements of Loss and Deficit

Year Ended March 31	2000	1999
Grain sales	\$ 2,874,738	\$ -
Cost of sales	<u>2,769,713</u>	<u>-</u>
	105,025	-
Bad debts	400,930	-
Interest and bank charges	<u>47,251</u>	<u>-</u>
	(343,156)	-
Other income	<u>19,173</u>	<u>30,666</u>
Expenses		
Consultants	237,518	-
Administrative	80,266	142,122
Other	70,935	52,624
Corner Brook plant (Note 9)	<u>134,261</u>	<u>-</u>
	<u>522,980</u>	<u>194,746</u>
Operating loss before operating grant and write-off of long term receivable	(846,963)	(164,080)
Province of Newfoundland - operating grant	198,009	-
Province of Newfoundland - Corner Brook grant (Note 9)	<u>134,261</u>	<u>-</u>
Operating loss before write-off of long term receivable	(514,693)	(164,080)
Write off of long term receivable from Integrated Poultry Limited (note 6)	<u>(1,526,239)</u>	<u>-</u>
Net loss	<u>\$ (2,040,932)</u>	<u>\$ (164,080)</u>
Deficit, beginning of year	\$ (10,141,488)	\$ (9,977,408)
Net loss	<u>(2,040,932)</u>	<u>(164,080)</u>
Deficit, end of year	<u>\$ (12,182,420)</u>	<u>\$ (10,141,488)</u>

See accompanying notes to the financial statements.

Newfoundland Farm Products Corporation

Balance Sheet

March 31 2000 1999

Assets

Current

Cash	\$ 381,479	\$ 636,816
Receivables (Note 4)	221,974	422,798
Inventories (Notes 5)	<u>211,361</u>	<u>141,870</u>

814,814 1,201,484

Long term receivable (Note 6) 22,800 1,175,079

Property and equipment (Note 7) 39,301 46,653

\$ 876,915 \$ 2,423,216

Liabilities

Current

Bank indebtedness (Note 8)	\$ 664,000	
Payables and accruals	4,000	\$ 33,446
Deferred grant (Note 9)	<u>365,739</u>	500,000
Current portion of long term debt	<u>-</u>	<u>5,662</u>

1,033,739 539,108

Surplus (Deficiency)

Contributed surplus 12,025,596 12,025,596

Deficit (12,182,420) (10,141,488)

(156,824) 1,884,108

\$ 876,915 \$ 2,423,216

On behalf of the Board

Director

Chairperson

See accompanying notes to the financial statements.

Newfoundland Farm Products Corporation

Statement of Cash Flows

Year Ended March 31

2000

1999

Increase (decrease) in cash and cash equivalents

Operating		
Net loss	<u>\$ (2,040,932)</u>	<u>\$ (164,080)</u>
Depreciation	<u>7,352</u>	<u>9,310</u>
	<u>(2,033,580)</u>	<u>(154,770)</u>
Change in non-cash operating working capital (Note 10)	<u>(32,374)</u>	<u>1,564,577</u>
	<u>(2,065,954)</u>	<u>1,409,807</u>
Financing		
Repayment of demand loan	<u>(2,291,000)</u>	<u>-</u>
Proceeds from demand loan	<u>2,955,000</u>	<u>-</u>
Repayment of long term debt	<u>(5,662)</u>	<u>(8,230)</u>
	<u>658,338</u>	<u>(8,230)</u>
Investing		
Decrease (increase) in long term receivable	<u>1,152,279</u>	<u>(724,552)</u>
Equity investment by Province of Newfoundland	<u>-</u>	<u>10,200,000</u>
	<u>1,152,279</u>	<u>9,475,448</u>
Net (decrease) increase in cash and cash equivalents	<u>(255,337)</u>	<u>10,877,025</u>
Cash and cash equivalents (bank indebtedness)		
Beginning of year	<u>636,816</u>	<u>(10,240,209)</u>
End of year	<u>\$ 381,479</u>	<u>\$ 636,816</u>

See accompanying notes to the financial statements

Newfoundland Farm Products Corporation

Notes to the Financial Statements

March 31, 2000

1. Nature of operations

The Corporation is a Provincial Crown Corporation which operates under the authority of the Farm Products Corporation Act and reports on its operations to the Lieutenant-Governor in Council.

The Corporation is dependent upon the Government of Newfoundland and Labrador ("Government") to fund its annual operating losses and provide support for its borrowings. During the period the Corporation received an operating grant of \$198,009 which was earmarked towards monitoring of the operation of Integrated Poultry Limited and the retention of professional consultants. In addition, revenue to offset net expenditures of \$134,261 (see Note 9) was accessed from the deferred grant of \$500,000 received in 1998/99 which was to be used for divestiture and operating activities of the Corner Brook plant beyond April 1, 1999.

2. Closure of Corner Brook poultry operations

On April 30, 1997, the Corporation discontinued processing and subsequently closed the Corner Brook poultry plant. It is Government's stated intention to seek an alternate use for this plant. As the divestiture process for the Corner Brook assets is still in progress, the adjustments, if any, which may be required to the carrying value of these assets cannot be determined at this time. Termination benefits have been provided to all Corner Brook employees affected by the plant closure.

3. Summary of significant accounting policies

Operating grants

Operating grants received from the Province of Newfoundland ("Province") are normally treated as a reduction of the operating loss for the year. A grant of \$500,000 received in 1998/99 was earmarked towards divestiture and operating activities of the Corner Brook plant beyond April 1, 1999, and was recorded as a deferred grant. During the year, \$134,261 of the deferred grant was used to offset expenditures for the Corner Brook plant.

Capital grants

Capital grants are recorded as a reduction of the cost of the assets acquired during the year. Unexpended capital grants are recorded as appropriated surplus.

Newfoundland Farm Products Corporation

Notes to the Financial Statements

March 31, 2000

3. Summary of significant accounting policies (cont'd.)

Depreciation

Rates and bases of depreciation applied to write-off the cost of property and equipment over their estimated lives are as follows:

Buildings	5%, declining balance
Machinery and equipment	20% declining balance and units of production
Office furniture and equipment	20%, declining balance
Vehicles	30%, declining balance
Equipment under capital lease	
Processing	Units of production
Computer	20%, declining balance

Inventories

Inventory is valued at net realizable value.

Income taxes

The Corporation is a Crown entity and as such is not subject to either federal or provincial income taxes.

Cash and cash equivalents

The Corporation has adopted the new recommendations of the CICA Handbook and has presented a "Statement of Cash Flows" instead of a "Statement of Changes in Financial Position."

Cash and cash equivalents include cash on hand and balances with banks.

4. Receivables	<u>2000</u>	<u>1999</u>
Trade	\$ 134,163	\$ 14,753
Other	80,211	18,885
Current portion of long term receivables	<u>7,600</u>	<u>389,160</u>
	<u>\$ 221,974</u>	<u>\$ 422,798</u>

Newfoundland Farm Products Corporation

Notes to the Financial Statements

March 31, 2000

5. Inventories	2000	1999
Materials and supplies – Corner Brook Plant	\$ 70,935	\$ 141,870
Grain	<u>140,426</u>	<u>-</u>
	<u>\$ 211,361</u>	<u>\$ 141,870</u>

6. Long term receivable	2000	1999
8% mortgage, repayable in equal annual instalments of \$7,600 plus interest to 2003.	\$ 30,400	\$ 38,000
Note receivable, Integrated Poultry Limited, written off during the year.		<u>1,526,239</u>
	<u>30,400</u>	<u>1,564,239</u>
Less: current portion	<u>7,600</u>	<u>389,160</u>
	<u>\$ 22,800</u>	<u>\$ 1,175,079</u>

Integrated Poultry Limited went into receivership on February 23, 2000 and its assets were subsequently sold by the Receiver on March 9, 2000 to 10874 Newfoundland Inc. The Corporation is an unsecured creditor and the Receiver and Manager does not anticipate any funds being available for unsecured creditors of Integrated Poultry Limited. To facilitate the purchase by 10874 Newfoundland Inc., Government authorized the Corporation to write off the outstanding balance.

7. Property and equipment	Cost	Contributed Assets	Accumulated Depreciation	2000 Net Book Value	1999 Net Book Value
Land	\$ 209,408	\$ 209,407		\$ 1	\$ 1
Buildings	2,626,962	2,605,971	\$ 5,117	15,874	16,709
Machinery equipment	1,625,015	1,479,034	139,672	6,309	7,886
Office furniture and equipment	13,544	3,910	9,496	138	172
Vehicles	88,139	3,331	81,107	3,701	5,287
Equipment under capital lease	<u>42,753</u>		<u>29,475</u>	<u>13,278</u>	<u>16,598</u>
	<u>\$4,605,821</u>	<u>\$4,301,653</u>	<u>\$ 264,867</u>	<u>\$ 39,301</u>	<u>\$ 46,653</u>

The above property and equipment represents assets entirely of the Corner Brook plant.

Newfoundland Farm Products Corporation

Notes to the Financial Statements

March 31, 2000

8. Bank indebtedness	2000	1999
Demand loan	\$ 664,000	\$ -

Under the authority of the Farm Products Corporation Act, Government, in April, 1999, authorized the Corporation to borrow an amount not to exceed \$1.7 million to purchase a grain shipment to meet the immediate needs of the agriculture industry in the Province. This loan was guaranteed to the Bank of Nova Scotia by Government and was fully repaid by way of grain sales to Integrated Poultry Limited.

Similarly, in November, 1999, Government authorized the Corporation to borrow a further amount not to exceed \$1.7 million to purchase a second grain shipment to meet the needs of the agriculture industry in the Province. This loan was guaranteed to the Bank of Nova Scotia by Government and was to be repaid by way of grain sales to the industry. At March 31, 2000, \$664,000 of this loan was outstanding.

Included in these statements at March 31, 2000 are the following amounts related to the grain transaction:

Loan Outstanding	\$ 664,000
To be offset by:	
Grain bank balance	\$ 6,990
Grain Inventory	140,426
Grain HST Receivable	39,265
Grain Accounts Receivable	134,163
	<u>320,844</u>
Shortfall	\$ 343,156

For the period January 31, 2000 to February 22, 2000, a supplementary forbearance agreement was entered into by the Province, the Corporation, the Bank of Nova Scotia and Integrated Poultry Limited, which among other things provided for credit sales of grain to Integrated Poultry Limited. These credit sales amounted to \$400,930 and upon the receivership of Integrated Poultry Limited these credit sales became a bad debt.

As a result of a demand for payment by the Bank of Nova Scotia pursuant to the provisions of the November, 1999 loan guarantee, the Province on June 28, 2000 repaid the outstanding principal and interest (\$356,000 and \$2,121 respectively) totalling \$358,121. The Province has subsequently demanded repayment from the Corporation for this payment.

Newfoundland Farm Products Corporation

Notes to the Financial Statements

March 31, 2000

9. Deferred Grant - Corner Brook expenses

In 1998/99 Government provided the Corporation with a grant of \$500,000 to be used towards divestiture and operating activities of the Corner Brook plant for 1999/00 and beyond. During 1999/00 the deferred grant was reduced by \$134,261 representing net expenditures for the above stated purposes. As at 31 March 2000, the deferred grant totalled \$365,739 (1998 - \$500,000).

Details of Corner Brook net expenditures are as follows:

Salaries and benefits	\$ 54,499
Heat and light	41,607
Consultant	24,050
Municipal Taxes	12,743
Communications	5,718
Insurance	5,209
Computer Lease	5,020
Repairs and Maintenance	2,896
Office	1,154
Travel	1,079
Training	<u>310</u>
	154,285
Corner Brook share of interest revenue	<u>20,024</u>
	<u>\$ 134,261</u>

10. Supplemental cash flow information

	<u>2000</u>	<u>1999</u>
Change in non-cash operating working capital		
Receivables	\$ 200,824	\$ 1,652,203
Inventories	(69,491)	-
Payables and accruals	(29,446)	(587,626)
Deferred grant	<u>(134,261)</u>	<u>500,000</u>
	<u>\$ (32,374)</u>	<u>\$ 1,564,577</u>
Interest paid	<u>\$ 47,250</u>	<u>\$ -</u>

NEWFOUNDLAND GOVERNMENT FUND LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 1998



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Directors
Newfoundland Government Fund Limited
St. John's, Newfoundland

I have audited the balance sheet of the Newfoundland Government Fund Limited as at 31 December 1998 and the statement of revenue, expenditure and surplus for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 1998 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Elizabeth Marshall

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
15 April 1999

NEWFOUNDLAND GOVERNMENT FUND LIMITED

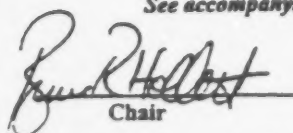
BALANCE SHEET

31 DECEMBER 1998

	<u>1998</u>	<u>1997</u>
ASSETS		
Current		
Cash (Note 2)	\$10,295,335	\$5,806,932
Accounts receivable	200	17,700
Subscription proceeds receivable	<u>250,000</u>	<u>1,000,000</u>
	10,545,535	6,824,632
Deferred financing costs (Note 3)	1,185,678	712,807
Due from Province of Newfoundland (Note 4)	<u>1,500,000</u>	<u>-</u>
	<u>\$13,231,213</u>	<u>\$7,537,439</u>
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 17,244	\$ 15,088
Due to Province of Newfoundland (Note 5)	266,821	266,821
Obligations to investors (Note 6)	<u>12,750,000</u>	<u>7,250,000</u>
	<u>13,034,065</u>	<u>7,531,909</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 7)		
Authorized		
Unlimited common shares of no par value		
Issued		
2 shares	200	200
Surplus	<u>196,948</u>	<u>5,330</u>
	<u>197,148</u>	<u>5,530</u>
	<u>\$13,231,213</u>	<u>\$7,537,439</u>

See accompanying notes

Signed on behalf of the Board:


Chair


Director

NEWFOUNDLAND GOVERNMENT FUND LIMITED
STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS
FOR THE YEAR ENDED 31 DECEMBER 1998

	<u>1998</u>	<u>1997</u>
REVENUE		
Interest	<u>\$488,064</u>	<u>\$89,807</u>
EXPENDITURE		
Accounting and auditing fees	6,547	9,545
Bank charges	983	393
Interest to investors	215,425	57,151
Miscellaneous	2,885	-
Reporting and liaison fees	<u>70,606</u>	<u>17,388</u>
	<u>296,446</u>	<u>84,477</u>
Excess of revenue over expenditure	191,618	5,330
Surplus, beginning of year	<u>5,330</u>	<u>-</u>
Surplus, end of year	<u>\$196,948</u>	<u>\$ 5,330</u>

See accompanying notes

NEWFOUNDLAND GOVERNMENT FUND LIMITED

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 1998

Authority

Newfoundland Government Fund Limited (the Corporation), formerly known as Newfoundland Government Venture Fund Ltd., was incorporated on 10 November 1995 under the *Corporations Act* of the Province of Newfoundland. All shares of the Corporation are held by Ministers of the Crown on behalf of the Province. Its affairs are governed by a Board of Directors which is elected by the shareholders of the Corporation.

The Corporation is a Government-administered venture capital fund under the *Immigration Act* (Canada) and Regulations. The purpose of the Corporation is to raise funds from immigrant investors in order to provide loan and equity capital to establish, expand, purchase, maintain or revitalize businesses or commercial ventures in Newfoundland which are consistent with the Immigration Regulations. Investment will be directed to the privatization of public services which may include infrastructure projects with a privatization component which will result in economic benefit to Newfoundland.

The Corporation has issued a Confidential Offering Memorandum under the Canadian Immigrant Investor Program. The offering is comprised of units each of which represents a \$250,000 promissory note. The minimum and maximum amounts of the offering are \$3,500,000 (14 units) and \$35,000,000 (140 units) respectively. The offering expired on 30 June 1998.

Under the terms of an escrow agreement, subscription funds received from investors are held in trust by the escrow agent until transferred to the Corporation's bank account or until the funds are returned to the investor in the event that the investor's subscription has not been accepted. Interest earned on escrow amounts is payable to investors who have fully paid the subscription price. As at 31 December 1998, 50 units were issued and outstanding and 1 subscription was deemed accepted by the Corporation. In addition, deposits totalling \$3,464,220 for 56 additional units were held by HSBC Capital Canada Inc. as escrow agent.

1. Significant accounting policies

These financial statements have been prepared by the Corporation in accordance with generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Deferred financing costs

The costs relating to the issuance of the Confidential Offering Memorandum have been deferred until the completion of the offering. These charges will be amortized over five years which is the minimum holding period of the investment units.

(b) Obligations to investors

Obligation to an investor is recognized upon acceptance of a subscription by the Corporation.

NEWFOUNDLAND GOVERNMENT FUND LIMITED

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 1998

2. Restrictions on the use of investor proceeds

Under the terms of the Offering Memorandum, there are certain restrictions on the use of the offering proceeds as follows:

At least 70% of the proceeds of the offering must be invested in the active business operations of eligible businesses within nine months after the day on which it is released from escrow to the Corporation and should be maintained in the active business operations of eligible businesses for a period of five years. At 31 December 1998, \$8,750,000 (1997 - \$4,375,000) was available for investment by the Corporation.

Twenty percent of the proceeds must be deposited by the Corporation in a separate repayment account and must be invested in high grade liquid Canadian securities that are readily convertible into cash, as a contingency for the reimbursement of those investors who are refused a Canadian visa. Once all investors have received their Canadian visas or have been reimbursed, the Corporation will keep the 20% invested in Canadian liquid securities. At 31 December 1998, the Corporation was required to hold \$2,500,000 (1997 - \$1,250,000) in a repayment account.

The remaining 10% of the proceeds can be used to pay all distribution fees, legal, accounting and other fees and expenses of the Corporation.

3. Deferred financing costs

The nature and extent of the costs incurred to date are as follows:

	<u>1998</u>	<u>1997</u>
Accounting and auditing fees	\$ 59,066	\$ 54,638
Consulting fees	38,085	22,111
Distribution and marketing fees	875,000	437,500
Escrow application fee	7,500	7,500
Legal fees	161,129	147,810
Other	<u>44,898</u>	<u>43,248</u>
	<u>\$1,185,678</u>	<u>\$712,807</u>

Upon completion of the offering under the Confidential Offering Memorandum, deferred financing costs will be amortized over five years, which is the minimum holding period of the investment units.

NEWFOUNDLAND GOVERNMENT FUND LIMITED

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 1998

4. Due from Province of Newfoundland

During 1998, the Corporation advanced \$1,500,000 to an external trust account for investment in a capital construction project. An additional \$70,000 was advanced to the trust account on 18 January 1999. Subsequent to 31 December 1998, the Province assumed direct responsibility for this capital project and will refund the full amount of the investment to the Corporation. Therefore, at 31 December 1998, the Corporation has not yet invested the proceeds of the Confidential Offering Memorandum and thus, the investors' holding periods have not commenced.

5. Due to Province of Newfoundland

During 1996 and 1997 the Province, on behalf of the Corporation, incurred expenditures relating to the Confidential Offering Memorandum totalling \$266,821. A portion of the proceeds from the offering will be used to repay the Province.

6. Obligations to investors

Obligations to investors of \$12,750,000 (1997 - \$7,250,000) represents the capital invested by immigrant investors in the Corporation. In addition to earning a return on their capital, their investment in the Corporation helps satisfy a portion of their visa requirements under Canada's Immigrant Investor Program. Each investment unit represents a \$250,000 promissory note, bearing interest at 2% payable annually. Although the promissory note is repayable in full, five years from the date on which 70% of the investor proceeds are invested or upon refusal of an investor's Canadian visa application, neither the Government of Canada nor the Government of the Province of Newfoundland offers any guarantees or assurances of a return on an investor's original investment and neither Government is liable for any loss or damages that may be suffered by an investor as a result of the investment in the securities.

7. Share capital

The shareholders of the Corporation are not entitled to a declaration or distribution of dividends until the expiry of 180 days from the maturity date of the investment units.

8. Related party transactions

For administrative purposes the Corporation is operated by the Department of Industry, Trade and Technology. Expenses related to salaries, accommodations and administration are incurred directly by the Department and no provision is made in these financial statements for those expenditures.

9. Financial instruments

The purpose of the Corporation is to raise capital from immigrant investors and invest in eligible business projects in the Province of Newfoundland. At 31 December 1998, the Corporation has not yet invested the proceeds of the Confidential Offering Memorandum and therefore its exposure to market, credit and liquidity risk is considered limited.

NEWFOUNDLAND GOVERNMENT FUND LIMITED

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 1998

9. Financial instruments (Cont.)

Fair value

The carrying values of accounts receivable, subscription proceeds receivable, accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments. Due to the unique features associated with the obligations to the investors, fair value of these financial liabilities cannot be reliably determined. Prior to the completion of the Confidential Offering Memorandum, the face value of the units being offered provides the best estimate of the fair value. However, once the units have been issued, restrictions exist to prevent the transfer of ownership and, therefore, no secondary market exists for issued units.

Interest rate risk

Interest rate risk reflects the risk that the Corporation's earnings will decline due to fluctuations in interest rates. The Corporation's cash is held in bank accounts bearing an interest rate based on prime. The interest rate on the obligation to investors is fixed at 2% annually.

Credit risk

Credit risk reflects the risk that parties owing monies to the Corporation will fail to discharge their obligations. The subscription proceeds receivable were held in escrow at 31 December 1998 and subsequently received by the Corporation upon closing the sale of this unit.

10. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

11. Uncertainty due to Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after 1 January 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Corporation's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Corporation including those related to the efforts of suppliers or other third parties, will be fully resolved.

NEWFOUNDLAND GOVERNMENT FUND LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 1999



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Directors
Newfoundland Government Fund Limited
St. John's, Newfoundland

I have audited the balance sheet of the Newfoundland Government Fund Limited as at 31 December 1999 and the statement of revenue, expenditure and surplus for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 1999 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
31 March 2000

NEWFOUNDLAND GOVERNMENT FUND LIMITED

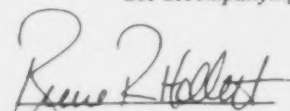
BALANCE SHEET

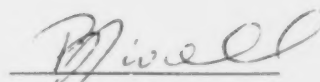
31 DECEMBER 1999

	<u>1999</u>	<u>1998</u>
ASSETS		
Current		
Cash (Note 2)	\$ 3,438,289	\$10,295,335
Accounts receivable	59,125	200
Subscription proceeds receivable	<u>750,000</u>	<u>250,000</u>
	4,247,414	10,545,535
Deferred financing costs (Note 3)	1,248,468	1,185,678
Due from Province of Newfoundland	-	1,500,000
Investment in eligible businesses (Note 4)	<u>9,450,000</u>	<u>-</u>
	<u>\$14,945,882</u>	<u>\$13,231,213</u>
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 7,086	\$ 17,244
Refund subscription payable	<u>249,000</u>	<u>-</u>
	256,086	17,244
Due to Province of Newfoundland (Note 5)	266,821	266,821
Obligations to investors (Note 6)	<u>14,000,000</u>	<u>12,750,000</u>
	<u>14,522,907</u>	<u>13,034,065</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 7)		
Authorized		
Unlimited common shares of no par value		
Issued		
2 shares	200	200
Surplus	<u>422,775</u>	<u>196,948</u>
	<u>422,975</u>	<u>197,148</u>
	<u>\$14,945,882</u>	<u>\$13,231,213</u>

See accompanying notes

Signed on behalf of the Board:


Chair


Director

NEWFOUNDLAND GOVERNMENT FUND LIMITED

STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS

FOR THE YEAR ENDED 31 DECEMBER 1999

	<u>1999</u>	<u>1998</u>
REVENUE		
Interest	\$591,851	\$488,064
Miscellaneous	<u>1,000</u>	<u>-</u>
	<u>592,851</u>	<u>488,064</u>
EXPENDITURE		
Accounting and auditing fees	9,279	6,547
Bank charges	1,250	983
Interest to investors	266,904	215,425
Miscellaneous	3,027	2,885
Reporting and liaison fees	<u>86,564</u>	<u>70,606</u>
	<u>367,024</u>	<u>296,446</u>
Excess of revenue over expenditure	225,827	191,618
Surplus, beginning of year	<u>196,948</u>	<u>5,330</u>
Surplus, end of year	<u>\$422,775</u>	<u>\$196,948</u>

See accompanying notes

NEWFOUNDLAND GOVERNMENT FUND LIMITED

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 1999

Authority

Newfoundland Government Fund Limited (the Corporation), formerly known as Newfoundland Government Venture Fund Ltd., was incorporated on 10 November 1995 under the *Corporations Act* of the Province of Newfoundland. All shares of the Corporation are held by Ministers of the Crown on behalf of the Province. Its affairs are governed by a Board of Directors which is elected by the shareholders of the Corporation.

The Corporation is a Government-administered venture capital fund under the *Immigration Act* (Canada) and Regulations. The purpose of the Corporation is to raise funds from immigrant investors in order to provide loan and equity capital to establish, expand, purchase, maintain or revitalize businesses or commercial ventures in the Province which are consistent with the Immigration Regulations. Investment will be directed to the privatization of public services which may include infrastructure projects with a privatization component which will result in economic benefit to the Province.

The Corporation has issued a Confidential Offering Memorandum under the Canadian Immigrant Investor Program. The offering is comprised of units each of which represents a \$250,000 promissory note. The minimum and maximum amounts of the offering are \$3,500,000 (14 units) and \$35,000,000 (140 units) respectively. The offering expired on 30 June 1998.

Under the terms of an escrow agreement, subscription funds received from investors are held in trust by the escrow agent until transferred to the Corporation's bank account or until the funds are returned to the investor in the event that the investor's subscription has not been accepted. Interest earned on amounts in escrow is payable to investors who have fully paid the subscription price. As at 31 December 1999, 53 units were issued and outstanding, 3 subscriptions were deemed accepted by the Corporation and 1 unit was to be refunded to the investor as a result of the investor's visa application being rejected in December 1999. In addition, deposits totalling \$3,595,591 for 50 additional units were held by HSBC Capital Canada Inc. as escrow agent.

1. Significant accounting policies

These financial statements have been prepared by the Corporation in accordance with generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Deferred financing costs

The costs relating to the issuance of the Confidential Offering Memorandum have been deferred until the completion of the offering. These charges will be amortized over five years which is the minimum holding period of the investment units.

(b) Obligations to investors

Obligation to an investor is recognized upon acceptance of a subscription by the Corporation.

NEWFOUNDLAND GOVERNMENT FUND LIMITED

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 1999

2. Restrictions on the use of investor proceeds

Under the terms of the Offering Memorandum, there are certain restrictions on the use of the offering proceeds as follows:

At least 70% of the proceeds of the offering must be invested in the active business operations of eligible businesses within nine months after the day on which the proceeds are released from escrow to the Corporation and should be maintained in the active business operations of eligible businesses for a period of five years. At 31 December 1999, all funds available for investment (\$9,450,000) have been invested in two projects involving the construction of Health Care facilities located at Fogo and Bonne Bay.

Twenty percent of the proceeds must be deposited by the Corporation in a separate repayment account and must be invested in high grade liquid Canadian securities that are readily convertible into cash, as a contingency for the reimbursement of those investors who are refused a Canadian visa. Once all investors have received their Canadian visas or have been reimbursed, the Corporation will keep the 20% invested in Canadian liquid securities. At 31 December 1999, the Corporation was required to hold \$2,700,000 (1998 - \$2,500,000) in a repayment account.

The remaining 10% of the proceeds can be used to pay all distribution fees, legal, accounting and other fees and expenses of the Corporation.

3. Deferred financing costs

The nature and extent of the costs incurred to date are as follows:

	<u>1999</u>	<u>1998</u>
Accounting and auditing fees	\$ 59,066	\$ 59,066
Consulting fees	38,085	38,085
Distribution and marketing fees	927,500	875,000
Escrow application fee	7,500	7,500
Legal fees	169,689	161,129
Other	<u>46,628</u>	<u>44,898</u>
	<u>\$1,248,468</u>	<u>\$1,185,678</u>

Upon completion of the offering under the Confidential Offering Memorandum, deferred financing costs will be amortized over five years, which is the minimum holding period of the investment units.

NEWFOUNDLAND GOVERNMENT FUND LIMITED

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 1999

4. Investment in eligible businesses

On 29 November 1999, the Corporation advanced \$5 million and \$4.45 million to two external irrevocable trust accounts for the construction of two Health Care facilities in the Province. The total investment of \$9,450,000 in these two projects represents 70% of the proceeds from the Confidential Offering Memorandum for the 54 investors closed by the Corporation at that date. The five year holding period for these investors commenced 30 November 1999. The total investment advanced on 29 November 1999 will have to be repaid to the Corporation five (5) years after the investment date and the Corporation will earn interest at a rate of 5% per annum.

5. Due to Province of Newfoundland

During 1996 and 1997 the Province, on behalf of the Corporation, incurred expenditures totalling \$266,821 relating to the Confidential Offering Memorandum. A portion of the proceeds from the offering will be used to repay the Province.

6. Obligations to investors

Obligations to investors of \$14,000,000 (1998 - \$12,750,000) represents the capital invested by immigrant investors in the Corporation. In addition to earning a return on their capital, their investment in the Corporation helps satisfy a portion of their visa requirements under Canada's Immigrant Investor Program. Each investment unit represents a \$250,000 promissory note, bearing interest at 2% payable annually. Although the promissory note is repayable in full, five years from the date on which 70% of the investor proceeds are invested or upon refusal of an investor's Canadian visa application, neither the Government of Canada nor the Government of Newfoundland and Labrador offers any guarantees or assurances of a return on an investor's original investment and neither Government is liable for any loss or damages that may be suffered by an investor as a result of the investment in the securities.

The earliest a promissory note could have been repaid was five years and nine months from the investors' closing dates. Due to delays in investment, these promissory notes will be repaid at later dates. As a result, the Corporation has agreed to pay interest at a rate of 5% for any period the promissory note is outstanding beyond the five years and nine months from the investors' closing date for those investors included in the \$9,450,000 investment made on 29 November 1999.

7. Share capital

The shareholders of the Corporation are not entitled to a declaration or distribution of dividends until the expiry of 180 days from the maturity date of the investment units.

8. Related party transactions

For administrative purposes the Corporation is operated by the Department of Industry, Trade and Technology. Expenses related to salaries, accommodations and administration are incurred directly by the Department and no provision is made in these financial statements for those expenditures.

NEWFOUNDLAND GOVERNMENT FUND LIMITED

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 1999

9. Financial instruments

The purpose of the Corporation is to raise capital from immigrant investors and invest in eligible business projects in the Province. At 31 December 1999, the Corporation has invested \$9,450,000 of the proceeds of the Confidential Offering Memorandum. The Corporation will earn 5% per annum on this investment.

Fair value

The carrying values of accounts receivable, subscription proceeds receivable, and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments. Due to the unique features associated with the obligations to the investors, fair value of these financial liabilities cannot be reliably determined. Prior to the completion of the Confidential Offering Memorandum, the face value of the units being offered provides the best estimate of the fair value. However, once the units have been issued, restrictions exist to prevent the transfer of ownership and, therefore, no secondary market exists for issued units.

Interest rate risk

Interest rate risk reflects the risk that the Corporation's earnings will decline due to fluctuations in interest rates. The Corporation's cash is held in bank accounts bearing an interest rate based on prime. The investment in eligible businesses bears an interest rate of 5% per annum. The interest rate on the obligation to investors is fixed at 2% annually except for those investors included in the investment in eligible businesses made on 29 November 1999. These investors will earn 5% per annum for any period their promissory notes remain outstanding beyond the five years and nine months from the investors' closing dates.

Credit risk

Credit risk reflects the risk that parties owing monies to the Corporation will fail to discharge their obligations.

10. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

NEWFOUNDLAND GOVERNMENT SINKING FUND

FINANCIAL STATEMENTS

31 MARCH 2000



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Trustees
Newfoundland Consolidated Sinking Funds
St. John's, Newfoundland

I have audited the balance sheet of the Newfoundland Government Sinking Fund as at 31 March 2000 and the statements of statutory contributions, retained earnings, revenue and expenditure, and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at 31 March 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Elizabeth Marshall

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
14 June 2000

NEWFOUNDLAND GOVERNMENT SINKING FUND

INDEX TO FINANCIAL STATEMENTS

31 MARCH 2000

Balance Sheet	Statement 1
Statement of Statutory Contributions	" 2
Statement of Retained Earnings	" 3
Statement of Revenue and Expenditure	" 4
Statement of Cash Flows	" 5
Schedule of Investments	Schedule 1

NEWFOUNDLAND GOVERNMENT SINKING FUND

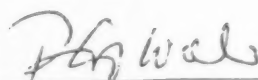
BALANCE SHEET

31 MARCH 2000

	<u>2000</u> (000's)	<u>1999</u> (000's)
ASSETS		
Current		
Cash	\$ 9,952	\$ 4,166
Term deposits and short-term investments, at cost	50,246	4,100
Interest and other receivables		
Province of Newfoundland - guaranteed	20,732	20,062
Other	<u>3,430</u>	<u>2,761</u>
	<u>84,360</u>	<u>31,089</u>
Investments, at amortized cost (Schedule 1)		
Cost	945,549	883,445
Accumulated amortization of discounts and premiums	<u>106,530</u>	<u>106,172</u>
	<u>1,052,079</u>	<u>989,617</u>
	<u><u>\$1,136,439</u></u>	<u><u>\$1,020,706</u></u>
LIABILITIES AND SINKING FUND EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 27	\$ 14
Due to Province of Newfoundland	<u>88</u>	<u>30</u>
	<u>115</u>	<u>44</u>
Sinking fund equity		
Statutory contributions (Statement 2)	562,353	517,785
Retained earnings (Statement 3)	<u>573,971</u>	<u>502,877</u>
	<u>1,136,324</u>	<u>1,020,662</u>
	<u><u>\$1,136,439</u></u>	<u><u>\$1,020,706</u></u>

See accompanying notes

Signed on behalf of the Board:


 Chairperson


 Member

NEWFOUNDLAND GOVERNMENT SINKING FUND

STATEMENT OF STATUTORY CONTRIBUTIONS

FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u> (000's)	<u>1999</u> (000's)
Balance, beginning of year	\$517,785	\$477,978
Statutory contributions for the year	<u>49,001</u>	<u>45,013</u>
	566,786	522,991
Cumulative translation adjustment	(4,433)	5,823
Statutory contributions applicable to redeemed debentures	<u>-</u>	<u>(11,029)</u>
Balance, end of year	<u>\$562,353</u>	<u>\$517,785</u>

See accompanying notes

NEWFOUNDLAND GOVERNMENT SINKING FUND

STATEMENT OF RETAINED EARNINGS

FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u> (000's)	<u>1999</u> (000's)
Balance, beginning of year	\$502,877	\$455,201
Excess of revenue over expenditure	<u>84,057</u>	<u>79,651</u>
	586,934	534,852
Cumulative translation adjustment	(2,563)	2,913
Retained earnings applicable to sinking funds in surplus	(10,400)	(9,295)
Retained earnings applicable to redeemed debentures	<u>-</u>	<u>(25,593)</u>
Balance, end of year	<u>\$573,971</u>	<u>\$502,877</u>

See accompanying notes

NEWFOUNDLAND GOVERNMENT SINKING FUND

STATEMENT OF REVENUE AND EXPENDITURE

FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u> (000's)	<u>1999</u> (000's)
REVENUE		
Interest income		
Debentures	\$68,685	\$64,333
Term deposits and short-term investments	1,558	480
Other	<u>427</u>	<u>287</u>
	70,670	65,100
Amortization of discounts and premiums	13,582	14,656
Gain on redemption and sale of investments	<u>59</u>	<u>142</u>
	<u>84,311</u>	<u>79,898</u>
EXPENDITURE		
Salaries and benefits	167	158
General	<u>87</u>	<u>89</u>
	<u>254</u>	<u>247</u>
Excess of revenue over expenditure	<u>\$84,057</u>	<u>\$79,651</u>

See accompanying notes

NEWFOUNDLAND GOVERNMENT SINKING FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u> (000's)	<u>1999</u> (000's)
Cash flows from operating activities		
Excess of revenue over expenditure	\$ 84,057	\$ 79,651
Adjustments for non-cash items		
Amortization of discounts and premiums	(13,582)	(14,656)
Gain on redemption and sale of investments	<u>(59)</u>	<u>(142)</u>
	70,416	64,853
Change in non-cash working capital	<u>(1,268)</u>	<u>(2,382)</u>
	<u>69,148</u>	<u>62,471</u>
Cash flows used in investing activities		
Purchase of investments	(104,416)	(108,872)
Statutory contributions	49,001	45,013
Proceeds from redemption and sale of investments	49,178	45,455
Payments of surplus sinking funds to Province	(10,400)	(9,295)
Payments of sinking funds to Province upon rollover of Canada Pension Plan loans	-	(1,827)
Payments on Canada Pension Plan loans	<u>-</u>	<u>(34,795)</u>
	<u>(16,637)</u>	<u>(64,321)</u>
Net increase in cash	52,511	(1,850)
Effect of currency translation adjustment	(579)	341
Cash and cash equivalents, beginning of year	<u>8,266</u>	<u>9,775</u>
Cash and cash equivalents, end of year	<u>\$ 60,198</u>	<u>\$ 8,266</u>
Cash and cash equivalents include:		
Cash	\$ 9,952	\$ 4,166
Term deposits and short-term investments	<u>50,246</u>	<u>4,100</u>
	<u>\$ 60,198</u>	<u>\$ 8,266</u>

See accompanying notes

NEWFOUNDLAND GOVERNMENT SINKING FUND

SCHEDULE OF INVESTMENTS

31 MARCH 2000

	2000		1999	
	Face Value or Par (000's)	Amortized Cost (000's)	Face Value or Par (000's)	Amortized Cost (000's)
Canadian				
Province of Newfoundland-guaranteed				
Province of Newfoundland	\$ 260,427	\$ 279,186	\$ 238,934	\$258,975
Newfoundland Municipal Financing Corporation	197,687	198,673	209,678	211,028
Newfoundland and Labrador Hydro	5,051	5,054	10,226	10,249
Coupons and residuals	<u>321,732</u>	<u>214,397</u>	<u>309,373</u>	<u>194,374</u>
	784,897	697,310	768,211	674,626
Government of Canada debentures	-	-	737	737
Other coupons and residuals	93,838	70,939	91,090	64,510
Other securities	<u>105,576</u>	<u>106,997</u>	<u>84,871</u>	<u>86,051</u>
	<u>984,311</u>	<u>875,246</u>	<u>944,909</u>	<u>825,924</u>
U.S.				
Province of Newfoundland-guaranteed				
Province of Newfoundland	119,716	136,002	112,122	128,144
Other securities	<u>40,293</u>	<u>40,831</u>	<u>34,851</u>	<u>35,549</u>
	<u>160,009</u>	<u>176,833</u>	<u>146,973</u>	<u>163,693</u>
Total investments	<u>\$1,144,320</u>	<u>\$1,052,079</u>	<u>\$1,091,882</u>	<u>\$989,617</u>

See accompanying notes

NEWFOUNDLAND GOVERNMENT SINKING FUND

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

Authority

The Province of Newfoundland issues debentures, most of which have sinking fund requirements. For debentures which have sinking fund requirements, the Province makes the required sinking fund payments (statutory contributions) to the Board of Trustees of the Newfoundland Consolidated Sinking Funds. This is an unincorporated body formed under The Financial Administration Act. All members of the Board are full-time employees of the Province and are appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Board in accordance with generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Investment transactions

- (i) Purchases: Investments are initially recorded at cost.
- (ii) Amortization: Discounts and premiums are amortized on a straight-line basis from the date of purchase until maturity.
- (iii) Sales: Sales of investments to the Province are at a negotiated (non-market) selling price. When sales to the Province take place, a gain is recorded equal to the sale proceeds less the investment's average amortized cost.
- (iv) Redemptions: On occasion, investments held in the Fund will be called for redemption by the issuer. In such instances, a gain is recorded equal to the redemption proceeds less the investment's average amortized cost.

(b) Maturity of a Province of Newfoundland debenture issue for which a sinking fund has been provided

(i) General

Provision is made for redemption at debenture maturity by investing statutory contributions in interest bearing securities and other investments. Both the contributions and the interest are used to pay debenture holders when debentures mature.

NEWFOUNDLAND GOVERNMENT SINKING FUND

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

1. Significant accounting policies (cont.)

(b) (i) General (cont.)

A record is maintained of statutory contributions received on account of each issue and of income allocated to each issue (retained earnings). The dollar total of an issue's statutory contributions and allocated income is called its Sinking Fund Value.

At maturity, statutory contributions are reduced by the total amount of statutory contributions received over the life of the issue. Retained earnings are reduced by the excess of the debenture's Sinking Fund Value over statutory contributions received.

(ii) Cash flow

At maturity, cash is paid into a redemption bank account in an amount equal to the lesser of the total face value of the issue or the Sinking Fund Value of the issue, less the face value of the issue held in the Fund. If the issue's Sinking Fund Value exceeds the total face value, the excess is paid to the Consolidated Revenue Fund of the Province of Newfoundland. If the issue's Sinking Fund Value is less than the total face value, the difference is paid into the redemption bank account by the Province.

The Province of Newfoundland has an option, pursuant to amendments to the Canada Pension Plan enacted by the Canada Pension Plan Investment Board Act, to refinance for a final twenty year term maturing Canada Pension Plan borrowings, provided sufficient monies are available in the Canada Pension Plan Investment Fund. As a result of this change, the Province has enacted legislation stating that sinking funds not required to redeem an issue of securities may be paid into the Consolidated Revenue Fund of the Province of Newfoundland as the Lieutenant-Governor in Council may direct. For the fiscal period 1 April 1999 to 31 March 2000, \$40,070,000 in sinking funds related to matured Canada Pension Plan borrowings were not paid into the Consolidated Revenue Fund of the Province as the Board is awaiting direction from the Lieutenant-Governor in Council. During the fiscal year 1 April 2000 to 31 March 2001, an additional \$42,645,000 in sinking funds related to Canada Pension Plan borrowings will mature.

(c) Interest income

Interest income is recorded on an accrual basis.

NEWFOUNDLAND GOVERNMENT SINKING FUND

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

1. Significant accounting policies (cont.)

(d) Foreign exchange translation

Assets, liabilities, revenues and expenditures denominated in U.S. currency are translated as follows:

- (i) assets and liabilities are translated at the rate of exchange in effect at the balance sheet date; and
- (ii) revenues and expenditures are translated at the rate of exchange in effect on the dates on which such items are recognized in income during the year, or an average of such.

Cumulative translation adjustments arising from the translation of U.S. amounts in the financial statements are deferred and shown as separate components of the sinking fund equity. These gains or losses are unrealized and it is intended that they shall remain so since it is not the intention of the Sinking Fund that these U.S. funds shall ever actually be converted to Canadian dollars.

2. Related party transactions

The Newfoundland Government Sinking Fund and the Province absorb all the operating costs, with the exception of banking and custodial fees, of the Newfoundland Municipal Financing Corporation Sinking Fund, which is administered by the same Board as the Newfoundland Government Sinking Fund.

3. Income taxes

The Newfoundland Government Sinking Fund is a Crown entity of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

4. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

NEWFOUNDLAND HARDWOODS LIMITED

Auditor's Report

Financial Statements

Year ended March 31, 2000

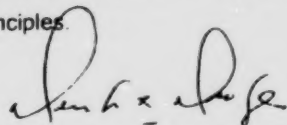
AUDITOR'S REPORT

To the Shareholders of Newfoundland Hardwoods Limited:

I have audited the balance sheet of Newfoundland Hardwoods Limited as at March 31, 2000 and the statements of income and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these statements present fairly, in all material respects, the financial position of the company as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.



CHARTERED ACCOUNTANT

Clarenville, Newfoundland

June 19, 2000

NEWFOUNDLAND HARDWOODS LIMITED

Balance Sheet

March 31, 2000

	<u>2000</u>	<u>1999</u>
<u>Assets</u>		
Current assets:		
Cash and term deposits	\$ 129,387	775,730
Receivables - other	<u>2,077</u>	<u>49</u>
Total current assets	131,464	775,779
Contingent gains (Note 2)	<u>--</u>	<u>--</u>
	<u>\$ 131,464</u>	<u>775,779</u>
<u>Liabilities and Shareholders' Equity</u>		
Current liabilities:		
Payables and accruals	\$ 53,520	<u>54,000</u>
Total current liabilities	53,520	54,000
Contingent losses (Note 2)	--	--
Commitments (Note 3)	--	--
Shareholders' equity:		
Common shares of no par value:		
Authorized an unlimited number; issued and		
fully paid at stated value, 253 shares	25,300	25,300
Retained earnings, per accompanying statement	<u>52,644</u>	<u>696,479</u>
Total shareholders' equity	<u>77,944</u>	<u>721,779</u>
	<u>\$ 131,464</u>	<u>775,779</u>

See Accompanying Notes

Approved: Brian C. L. [Signature] Director

[Signature] Director

NEWFOUNDLAND HARDWOODS LIMITED

Statement of Income and Retained Earnings

Year ended March 31, 2000

	<u>2000</u>	<u>1999</u>
Revenue (Note 4)	\$ <u>22,844</u>	<u>134,042</u>
Administrative expenses:		
Environmental remediation costs	185,539	--
Interest and bank charges	22	5
Professional and consulting fees	3,725	10,862
Stationery and office supplies	<u>50</u>	<u>50</u>
	<u>189,336</u>	<u>10,917</u>
Net income (loss)	(166,492)	123,125
Retained earnings, beginning of year	<u>696,479</u>	<u>596,462</u>
	529,987	719,587
Dividends paid during year	<u>477,343</u>	<u>23,108</u>
Retained earnings, end of year	\$ <u><u>52,644</u></u>	<u><u>696,479</u></u>

See Accompanying Notes

NEWFOUNDLAND HARDWOODS LIMITED

Statement of Changes in Financial Position

Year ended March 31, 2000

	<u>2000</u>	<u>1999</u>
Cash provided from (applied to):		
Operations:		
Net income (loss)	\$ (166,492)	123,125
Changes in:		
Receivables	(2,028)	484,774
Payables and accruals	<u>(480)</u>	<u>(1,886)</u>
	<u>(169,000)</u>	<u>606,013</u>
Financing:		
Payment of dividends	<u>(477,343)</u>	<u>(23,108)</u>
Net cash provided (applied)	(646,343)	582,905
Cash:		
Beginning of year	<u>775,730</u>	<u>192,825</u>
End of year	<u>\$ 129,387</u>	<u>775,730</u>

See Accompanying Notes

NEWFOUNDLAND HARDWOODS LIMITED

Notes to the Financial Statements

March 31, 2000

1. Divestiture:

During the 1996 fiscal year the company sold the capital assets and inventory relating to its wood preservation and asphalt manufacturing operations to IPB - WPI International Limited and Newfoundland and Labrador Asphalt Limited respectively. The Company has consequently ceased commercial operations.

2. Contingent gains and losses:

Gains:

In addition to a lump sum amount for capital assets, IPB - WPI International Limited agreed to pay 10 percent of its net income before income taxes to the vendor for each of the fiscal years 1996 to 2000. Since the fiscal year ends of both the company and IPB - WPI International Limited are different, these payments are being recorded in the financial statements when received.

Losses:

Environmental concerns

The Government of Newfoundland and Labrador, through an environmental indemnity provided to IPB - WPI International Limited and Newfoundland and Labrador Asphalt Limited, has released the purchasers of any and all present and future liabilities which may result from the presence, release, loss, discharge, leakage or spillage of hazardous material on, at or from the properties formerly owned and operated by Newfoundland Hardwoods Limited up to the date of the said agreements.

3. Commitments:

The company had committed to the dismantling and removal of five surplus storage tanks from the present location. As of the balance sheet date four of these tanks have been removed and the costs of such have been reflected in these financial statements.

4. Revenue:

	<u>2000</u>	<u>1999</u>
Gain on wind-up of pension plan	\$ --	96,744
Interest income	20,405	14,189
Miscellaneous	<u>2,439</u>	<u>23,109</u>
	<u>\$ 22,844</u>	<u>134,042</u>

NEWFOUNDLAND INDUSTRIAL DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

31 MARCH 1999



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Directors
Newfoundland Industrial Development
Corporation
St. John's, Newfoundland

I have audited the balance sheet of the Newfoundland Industrial Development Corporation as at 31 March 1999 and the statement of revenue, expenditure and surplus for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 1999 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Elizabeth Marshall

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
16 June 1999

NEWFOUNDLAND INDUSTRIAL DEVELOPMENT CORPORATION

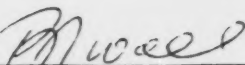
BALANCE SHEET

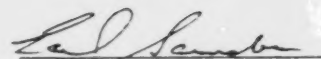
31 MARCH 1999

	<u>1999</u> (000's)	<u>1998</u> (000's)
ASSETS		
Current		
Cash	\$ 206	\$ 112
Short-term investments, at cost	2,589	3,000
Accrued interest receivable	<u>3</u>	<u>10</u>
	2,798	3,122
Investments, at cost (Note 2)	31,335	31,515
Loan receivable (Note 3)	<u>250</u>	<u>-</u>
	<u>\$34,383</u>	<u>\$34,637</u>
 LIABILITIES AND SURPLUS		
Current		
Accrued payable and accrued liabilities	\$ 1	\$ 1
Long-term debt (Note 4)	31,346	31,526
Investment reserve (Note 3)	<u>2,749</u>	<u>3,000</u>
	34,096	34,527
Surplus	<u>287</u>	<u>110</u>
	<u>\$34,383</u>	<u>\$34,637</u>

See accompanying notes

Signed on behalf of the Board:


Chairperson


Director

NEWFOUNDLAND INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS

FOR THE YEAR ENDED 31 MARCH 1999

	<u>1999</u> (000's)	<u>1998</u> (000's)
REVENUE		
Reimbursement of negotiation costs re Labrador hydro-electric development (Note 5)	\$21,960	\$ -
Investment reserve advances (Note 3)	251	-
Interest and investment income	<u>178</u>	<u>111</u>
	<u>22,389</u>	<u>111</u>
EXPENDITURE		
Negotiation costs re Labrador hydro-electric development (Note 5)	21,960	-
Grants (Note 3)	251	-
Professional services	<u>1</u>	<u>1</u>
	<u>22,212</u>	<u>1</u>
Excess of revenue over expenditure before gain on forgiveness of long-term debt	177	110
Gain on forgiveness of long-term debt (Note 4)	<u>-</u>	<u>6,678</u>
Excess of revenue over expenditure	177	6,788
Surplus (deficit), beginning of year	<u>110</u>	<u>(6,678)</u>
Surplus, end of year	<u>\$ 287</u>	<u>\$ 110</u>

See accompanying notes

NEWFOUNDLAND INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

Authority

The Newfoundland Industrial Development Corporation (NIDC) operates under the authority of the Industrial Development Corporation Act. The primary purpose of NIDC is to provide long-term financing to industrial and resource-based companies. Funding is secured through various means including borrowing from the Province of Newfoundland. The affairs of NIDC are managed by a Board of Directors appointed by the Lieutenant-Governor in Council.

1. Basis of accounting

These financial statements have been prepared by NIDC in accordance with generally accepted accounting principles.

2. Investments

	<u>1999</u> (000's)	<u>1998</u> (000's)
Terra Nova Shoes Limited		
267 (1998-303) Class T Common Shares at an agreed value of \$5,000 each	\$ 1,335	\$ 1,515
Water rights held in Labrador	30,000	30,000
INCO Limited, 5 Common Shares	-	-
	<u>\$31,335</u>	<u>\$31,515</u>

(a) Terra Nova Shoes Limited

The Company is to redeem annually, at \$5,000 each, Class T common shares held by NIDC for a total amount which is the lesser of:

- (i) a fixed percentage of the Company's after tax earnings for the immediately preceding fiscal year; and
- (ii) \$300,000.

The Company redeemed 36 shares at \$5,000 each for a total of \$180,000 on 31 December 1998.

NEWFOUNDLAND INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

2. Investments (cont.)

(b) Water rights held in Labrador

Pursuant to an agreement dated 24 November 1978, the Lower Churchill Development Corporation Limited (LCDC) has the option of purchasing NIDC's water rights to the Lower Churchill River in consideration for the issuance of 3,000 Class B common shares without nominal or par value. These shares will then be transferred to Newfoundland and Labrador Hydro. This option was to expire 24 November 1996 but has been extended to 24 November 1999. LCDC was incorporated under the Corporation's Act and is owned 51% by Newfoundland and Labrador Hydro and 49% by the Government of Canada. LCDC was established with the objective of developing all or part of the hydro-electric potential of the Lower Churchill Basin.

(c) INCO Limited

During 1997-98 NIDC purchased five shares of INCO Limited at a cost of \$138.00 (\$27.60 per share).

3. Investment reserve

In 1996-97 the Province of Newfoundland advanced \$3,000,000 to NIDC to establish an investment reserve. The reserve will be used to facilitate privatization activities, as directed by the Lieutenant-Governor in Council. Amounts advanced from the reserve as grants are recognized in income in the year the advance is made and the related grant amounts are expensed in the year paid.

	<u>1999</u> (000's)	<u>1998</u> (000's)
Balance, beginning of year	\$3,000	\$3,000
Less: grants advanced from investment reserve during year	<u>(251)</u>	<u>-</u>
Balance, end of year	<u>\$2,749</u>	<u>\$3,000</u>

During the year, NIDC was authorized by the Province to provide a loan of \$250,000 to a company from the investment reserve. The loan is repayable in blended semi-annual payments of principal and interest of \$37,709 commencing in 2003. The loan is non-interest bearing for the first three years and will bear an interest rate of 8.75% at the commencement of the loan repayment date. NIDC has taken a security position on the company's assets.

NEWFOUNDLAND INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

3. Investment reserve (cont.)

The composition of this reserve is as follows:

	<u>1999</u> (000's)	<u>1998</u> (000's)
Short-term investments	\$2,499	\$3,000
Loans receivable	<u>250</u>	<u>-</u>
	<u>\$2,749</u>	<u>\$3,000</u>

4. Long-term debt

	<u>1999</u> (000's)	<u>1998</u> (000's)
Non-interest bearing notes payable to the Province of Newfoundland, no fixed terms of repayment or maturity dates	<u>\$31,346</u>	<u>\$31,526</u>

On 16 June 1998, the Province authorized a write-down of long-term debt of \$6,678,000 effective 31 March 1998.

5. Negotiation costs re Labrador hydro-electric development

As NIDC holds the water rights to the Lower Churchill River, Cabinet directed that NIDC pay the expenditures of the negotiating team for the Province of Newfoundland concerning hydro-electric development in Labrador. NIDC is then reimbursed for these costs by Newfoundland and Labrador Hydro. During the year, NIDC borrowed amounts from the Province for the purpose of paying costs relating to these negotiations. All costs, totalling \$22 million, paid by NIDC were recovered from Newfoundland and Labrador Hydro, and all amounts borrowed from the Province were repaid during the year. The \$22 million costs are comprised of the following:

NEWFOUNDLAND INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

5. Negotiation costs re Labrador hydro-electric development (cont.)

	<u>1999</u> (000's)	<u>1998</u> (000's)
Grants and subsidies	\$ 225	\$ -
Harmonized sales tax	2,823	-
Information technology	666	-
Interest on promissory notes	320	-
Professional services	14,578	-
Property, furniture and equipment	174	-
Purchased services	272	-
Salaries and benefits	2,202	-
Supplies	88	-
Transportation and communication	<u>612</u>	<u>-</u>
	<u>\$21,960</u>	<u>\$ -</u>

6. Distribution of earnings

Pursuant to Section 30 of the Industrial Development Corporation Act, the balance that the Minister of Finance considers to be available out of the net profits of NIDC is to be paid to the Province of Newfoundland at such intervals and in a manner that the Minister may direct by notice to the Chairperson of the Board.

7. Related party transactions

During the year NIDC made principal repayments of \$180,000 on the long-term debt owing to the Province of Newfoundland.

NIDC is administered by employees of the Department of Finance. These costs of administration are paid directly by the Department and are not reflected in these financial statements.

8. Income taxes

NIDC is a Crown corporation of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

NEWFOUNDLAND INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

9. Uncertainty due to Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after 1 January 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of suppliers or third parties, will be fully resolved.

NEWFOUNDLAND INDUSTRIAL DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

31 MARCH 2000



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Directors
Newfoundland Industrial Development
Corporation
St. John's, Newfoundland

I have audited the balance sheet of the Newfoundland Industrial Development Corporation as at 31 March 2000 and the statement of revenue, expenditure and surplus for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Elizabeth Marshall

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
7 June 2000

NEWFOUNDLAND INDUSTRIAL DEVELOPMENT CORPORATION

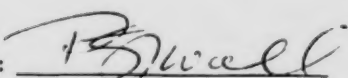
BALANCE SHEET

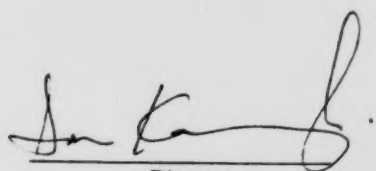
31 MARCH 2000

	<u>2000</u> (000's)	<u>1999</u> (000's)
ASSETS		
Current		
Cash	\$ 77	\$ 206
Short-term investments, at cost	2,800	2,589
Accrued interest receivable	<u>13</u>	<u>3</u>
	2,890	2,798
Investments, at cost (Note 2)	31,035	31,335
Loan receivable (Note 3)	<u>250</u>	<u>250</u>
	<u>\$34,175</u>	<u>\$34,383</u>
LIABILITIES AND SURPLUS		
Current		
Accounts payable and accrued liabilities	\$ 2	\$ 1
Long-term debt (Note 4)	31,046	31,346
Investment reserve (Note 3)	<u>2,699</u>	<u>2,749</u>
	33,747	34,096
Surplus	<u>428</u>	<u>287</u>
	<u>\$34,175</u>	<u>\$34,383</u>

See accompanying notes

Signed on behalf of the Board:


Chairperson


Director

NEWFOUNDLAND INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS

FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u> (000's)	<u>1999</u> (000's)
REVENUE		
Reimbursement of negotiation costs re Labrador hydro-electric development (Note 5)	\$ -	\$21,960
Investment reserve advances (Note 3)	50	251
Interest and investment income	<u>142</u>	<u>178</u>
	<u>192</u>	<u>22,389</u>
EXPENDITURE		
Negotiation costs re Labrador hydro-electric development (Note 5)	-	21,960
Grants (Note 3)	50	251
Professional services	<u>1</u>	<u>1</u>
	<u>51</u>	<u>22,212</u>
Excess of revenue over expenditure	141	177
Surplus, beginning of year	<u>287</u>	<u>110</u>
Surplus, end of year	<u>\$428</u>	<u>\$ 287</u>

See accompanying notes

NEWFOUNDLAND INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

Authority

The Newfoundland Industrial Development Corporation (NIDC) operates under the authority of the Industrial Development Corporation Act. The primary purpose of NIDC is to provide long-term financing to industrial and resource-based companies. Funding is secured through various means including borrowing from the Province of Newfoundland. The affairs of NIDC are managed by a Board of Directors appointed by the Lieutenant-Governor in Council.

1. Basis of accounting

These financial statements have been prepared by NIDC in accordance with generally accepted accounting principles.

2. Investments

	<u>2000</u> (000's)	<u>1999</u> (000's)
Terra Nova Shoes Limited		
207 (1999-267) Class T Common Shares at an agreed value of \$5,000 each	\$ 1,035	\$ 1,335
Water rights held in Labrador	30,000	30,000
INCO Limited, 5 Common Shares	-	-
	<u>\$31,035</u>	<u>\$31,335</u>

(a) Terra Nova Shoes Limited

The Company is to redeem annually, at \$5,000 each, Class T common shares held by NIDC for a total amount which is the lesser of:

- (i) a fixed percentage of the Company's after tax earnings for the immediately preceding fiscal year; and
- (ii) \$300,000.

The Company redeemed 60 shares at \$5,000 each for a total of \$300,000 on 31 December 1999.

NEWFOUNDLAND INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

2. Investments (cont.)

(b) Water rights held in Labrador

Pursuant to an agreement dated 24 November 1978, the Lower Churchill Development Corporation Limited (LCDC) has the option of purchasing NIDC's water rights to the Lower Churchill River in consideration for the issuance of 3,000 Class B common shares without nominal or par value. These shares will then be transferred to Newfoundland and Labrador Hydro. This option was to expire 24 November 1996 but has been extended to 24 November 2000. LCDC was incorporated under the Corporation's Act and is owned 51% by Newfoundland and Labrador Hydro and 49% by the Government of Canada. LCDC was established with the objective of developing all or part of the hydro-electric potential of the Lower Churchill Basin.

(c) INCO Limited

During 1997-98 NIDC purchased five shares of INCO Limited at a cost of \$138.00 (\$27.60 per share).

3. Investment reserve

In 1996-97 the Province of Newfoundland advanced \$3,000,000 to NIDC to establish an investment reserve. The reserve will be used to facilitate privatization activities, as directed by the Lieutenant-Governor in Council. Amounts advanced from the reserve as grants are recognized in income in the year the advance is made and the related grant amounts are expensed in the year paid.

	<u>2000</u> (000's)	<u>1999</u> (000's)
Balance, beginning of year	\$2,749	\$3,000
Less: grants advanced from investment reserve during year	<u>(50)</u>	<u>(251)</u>
Balance, end of year	<u>\$2,699</u>	<u>\$2,749</u>

During 1998-99, NIDC was authorized by the Province to provide a loan of \$250,000 to a company from the investment reserve. The loan is repayable in blended semi-annual payments of principal and interest of \$37,709 commencing in 2003. The loan is non-interest bearing for the first three years and will bear an interest rate of 8.75% at the commencement of the loan repayment date. In accordance with the Debenture Agreement securing the loan, NIDC subordinated its security position during the year, which enabled the company to obtain additional long-term financing.

NEWFOUNDLAND INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

3. Investment reserve (cont.)

The composition of this reserve is as follows:

	<u>2000</u> (000's)	<u>1999</u> (000's)
Short-term investments	\$2,449	\$2,499
Loans receivable	<u>250</u>	<u>250</u>
	<u>\$2,699</u>	<u>\$2,749</u>

4. Long-term debt

	<u>2000</u> (000's)	<u>1999</u> (000's)
Non-interest bearing notes payable to the Province of Newfoundland, no fixed terms of repayment or maturity dates	<u>\$31,046</u>	<u>\$31,346</u>

5. Negotiation costs re Labrador hydro-electric development

As NIDC holds the water rights to the Lower Churchill River, in fiscal 1999 Cabinet directed that NIDC pay the expenditures of the negotiating team for the Province of Newfoundland concerning hydro-electric development in Labrador. NIDC was then reimbursed for these costs by Newfoundland and Labrador Hydro. During fiscal 1999, NIDC borrowed amounts from the Province for the purpose of paying costs relating to these negotiations. All costs, totalling \$21.96 million, paid by NIDC were recovered from Newfoundland and Labrador Hydro, and all amounts borrowed from the Province were repaid during the year. The \$21.96 million costs were comprised of the following:

	<u>2000</u> (000's)	<u>1999</u> (000's)
Grants and subsidies	\$ -	\$ 225
Harmonized sales tax	-	2,823
Information technology	-	666
Interest on promissory notes	-	320
Professional services	-	14,578
Property, furniture and equipment	-	174
Purchased services	-	272
Salaries and benefits	-	2,202
Supplies	-	88
Transportation and communication	-	612
	<u>\$ -</u>	<u>\$21,960</u>

NEWFOUNDLAND INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

6. Distribution of earnings

Pursuant to Section 30 of the Industrial Development Corporation Act, the balance that the Minister of Finance considers to be available out of the net profits of NIDC is to be paid to the Province of Newfoundland at such intervals and in a manner that the Minister may direct by notice to the Chairperson of the Board.

7. Related party transactions

During the year NIDC made principal repayments of \$300,000 on the long-term debt owing to the Province of Newfoundland.

NIDC is administered by employees of the Department of Finance. The costs of administration are paid directly by the Department and are not reflected in these financial statements.

8. Income taxes

NIDC is a Crown corporation of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

NEWFOUNDLAND LEGAL AID COMMISSION

FINANCIAL STATEMENTS

31 MARCH 1999



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Commissioners
Newfoundland Legal Aid Commission
St. John's, Newfoundland

I have audited the balance sheet of the Newfoundland Legal Aid Commission as at 31 March 1999 and the statements of revenue, expenditure and equity, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at 31 March 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
10 December 1999

NEWFOUNDLAND LEGAL AID COMMISSION

BALANCE SHEET

31 MARCH 1999

	<u>1999</u>	<u>1998</u>
ASSETS		
Current		
Cash	\$ 864,304	\$ 692,109
Accounts receivable (Note 2)	122,169	175,446
Prepaid expenses	<u>46,963</u>	<u>38,334</u>
	1,033,436	905,889
Funds deposited in trust (Note 3)	56,165	66,810
Capital assets (Note 4)	<u>283,207</u>	<u>258,029</u>
	<u>\$1,372,808</u>	<u>\$1,230,728</u>
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 402,117	\$ 562,831
Deferred revenue	<u>99,115</u>	<u>69,710</u>
	501,232	632,541
Accrued severance pay	358,385	299,804
Funds deposited in trust (Note 3)	<u>56,165</u>	<u>66,810</u>
	915,782	999,155
Equity	<u>457,026</u>	<u>231,573</u>
	<u>\$1,372,808</u>	<u>\$1,230,728</u>
Contingent liabilities (Note 6)		

See accompanying notes

Signed on behalf of the Board:

Chairperson

Provincial Director

NEWFOUNDLAND LEGAL AID COMMISSION
STATEMENT OF REVENUE, EXPENDITURE AND EQUITY
FOR THE YEAR ENDED 31 MARCH 1999

	1999 <u>Actual</u>	<u>Budget</u>	1998 <u>Actual</u>
REVENUE			
Province of Newfoundland operating grant	\$5,488,200	\$5,488,200	\$5,243,111
Law Foundation of Newfoundland grant	333,580	100,000	68,958
Interest	50,104	30,000	30,018
Other	<u>26,651</u>	<u>65,000</u>	<u>7,799</u>
	<u>5,898,535</u>	<u>5,683,200</u>	<u>5,349,886</u>
EXPENDITURE			
Amortization	95,889	-	55,850
Bad debt expense	329	-	12,543
Bar fees and insurance	54,329	38,661	45,254
Capital asset purchases	-	138,143	-
Commissioners' fees and expenses	70,173	70,000	79,137
Conference and education	19,920	41,000	39,847
Legal fees and disbursements	531,282	394,469	541,324
Library	33,338	22,150	34,017
Miscellaneous	27,879	15,179	26,124
Office and equipment rental	272,388	313,146	199,699
Office expense	112,119	96,963	118,648
Salaries and benefits	4,369,455	4,446,603	4,247,937
Telephone and light	73,417	92,286	99,673
Travel	<u>12,564</u>	<u>14,600</u>	<u>17,506</u>
	<u>5,673,082</u>	<u>5,683,200</u>	<u>5,517,559</u>
Excess of revenue over expenditure (expenditure over revenue)	225,453	-	(167,673)
Equity, beginning of year	<u>231,573</u>	<u>231,573</u>	<u>399,246</u>
Equity, end of year	<u>\$ 457,026</u>	<u>\$ 231,573</u>	<u>\$ 231,573</u>

See accompanying notes

NEWFOUNDLAND LEGAL AID COMMISSION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 1999

	<u>1999</u>	<u>1998</u>
Cash flows from operating activities		
Excess of revenue over expenditure (expenditure over revenue)	\$ 225,453	\$(167,673)
Adjustment for non cash items		
Amortization	<u>95,889</u>	<u>55,850</u>
	321,342	(111,823)
Changes in non-cash working capital		
Accounts receivable	53,277	(32,869)
Prepaid expenses	(8,629)	(3,608)
Accounts payable and accrued liabilities	(160,714)	34,357
Deferred revenue	<u>29,405</u>	<u>9,810</u>
	234,681	(104,133)
Increase in accrued severance pay	<u>58,581</u>	<u>90,646</u>
	293,262	(13,487)
Cash flows from investing activities		
Purchase of capital assets	<u>(121,067)</u>	<u>(171,397)</u>
Net increase (decrease) in cash	172,195	(184,884)
Cash, beginning of year	<u>692,109</u>	<u>876,993</u>
Cash, end of year	<u>\$ 864,304</u>	<u>\$ 692,109</u>

See accompanying notes

NEWFOUNDLAND LEGAL AID COMMISSION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

Authority

The Newfoundland Legal Aid Commission (the Commission) operates under the authority of the Legal Aid Act. The purpose of the Commission is to establish and administer a plan of legal aid for the residents of the Province of Newfoundland.

The affairs of the Commission are managed by a Board of Commissioners consisting of the Deputy Minister of Justice and the Provincial Director of the Commission, and five members appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Commission in accordance with generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Revenue recognition

Revenue is recognized upon completion of services provided for legal action.

(b) Capital assets

Capital assets are capitalized at cost at the time of acquisition. The budget for the purchase of capital assets was \$138,143 (1998 - \$138,141). Actual purchases totalled \$121,067 (1998 - \$171,397). Amortization is recorded as follows:

Office furniture and equipment - Straight line basis over a period of five years from the date of purchase

Software development - Straight line basis over a period of five years from the date of purchase

Leasehold improvements - Straight line basis over the remaining life of the rental agreement

(c) Severance pay

Severance pay is calculated based upon years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continual service, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the public service. If the employee transfers to another entity included in the public service, then the liability is transferred to that entity.

NEWFOUNDLAND LEGAL AID COMMISSION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

2. Accounts receivable

	<u>1999</u>	<u>1998</u>
Trade	\$329,786	\$368,054
Province of Newfoundland	-	14,679
	<u>329,786</u>	<u>382,733</u>
Less: allowance for doubtful accounts	<u>207,617</u>	<u>207,287</u>
	<u>\$122,169</u>	<u>\$175,446</u>

3. Funds deposited in trust

Funds deposited in trust represent amounts received by the Commission for legal action which has yet to be completed. Once legal action has been completed, these deposits will be combined with the general funds of the Commission.

4. Capital assets

		<u>1999</u>	<u>1998</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Office furniture and equipment	\$704,845	\$529,495	\$175,350
Software development	132,482	24,625	107,857
Leasehold improvements	<u>16,383</u>	<u>16,383</u>	-
	<u>\$853,710</u>	<u>\$570,503</u>	<u>\$283,207</u>
			<u>\$258,029</u>

5. Accounts payable and accrued liabilities

	<u>1999</u>	<u>1998</u>
Trade	\$ 55,471	\$144,632
Salaries and benefits	-	139,583
Accrued leave	<u>346,646</u>	<u>278,616</u>
	<u>\$402,117</u>	<u>\$562,831</u>

NEWFOUNDLAND LEGAL AID COMMISSION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

6. Contingent liabilities

As at 31 March 1999, several claims had been filed against the Commission. These actions have not progressed far enough to enable the formation of a definite opinion as to their outcome. The likelihood of loss or the amount of possible loss to the Commission is not determinable at this time.

7. Pensions

Under the Legal Aid Act, Commission staff are subject to the Public Service Pensions Act. Employee contributions are matched by the Commission and then remitted to the Province of Newfoundland Pooled Pension Fund from which pensions will be paid to employees when they retire. The Commission's share of pension contributions for 1999 was \$214,274 (1998 - \$194,563).

8. Lease commitments

The Commission has entered into agreements requiring lease payments for office rental for the next four years as follows:

2000	\$157,385
2001	\$144,948
2002	\$144,948
2003	\$132,869

9. Economic dependence

As a result of the Commission's reliance on Provincial funding to meet its cost of operations, the Commission's ability to continue viable operations is dependent upon continued funding from the Province.

10. Financial instruments

The Commission's financial instruments recognized in the Balance Sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities, the carrying value of which approximate fair value due to the short-term maturity associated with these instruments.

11. Income taxes

The Commission is a Crown entity of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

NEWFOUNDLAND LEGAL AID COMMISSION

FINANCIAL STATEMENTS

31 MARCH 2000



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Commissioners
Newfoundland Legal Aid Commission
St. John's, Newfoundland

I have audited the balance sheet of the Newfoundland Legal Aid Commission as at 31 March 2000 and the statements of revenue, expenditure and equity, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at 31 March 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
30 June 2000

NEWFOUNDLAND LEGAL AID COMMISSION

BALANCE SHEET

31 MARCH 2000

	<u>2000</u>	<u>1999</u>
ASSETS		
Current		
Cash	\$ 771,451	\$ 864,304
Accounts receivable (Note 2)	137,319	122,169
Prepaid expenses	<u>44,878</u>	<u>46,963</u>
	953,648	1,033,436
Funds deposited in trust (Note 3)	69,495	56,165
Capital assets (Note 4)	<u>249,946</u>	<u>283,207</u>
	<u>\$1,273,089</u>	<u>\$1,372,808</u>
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 562,742	\$ 402,117
Deferred revenue	<u>109,925</u>	<u>99,115</u>
	672,667	501,232
Accrued severance pay	468,736	358,385
Funds deposited in trust (Note 3)	<u>69,495</u>	<u>56,165</u>
	1,210,898	915,782
Equity	<u>62,191</u>	<u>457,026</u>
	<u>\$1,273,089</u>	<u>\$1,372,808</u>
Contingent liabilities (Note 6)		

See accompanying notes

Signed on behalf of the Board:


Chairperson


Provincial Director

NEWFOUNDLAND LEGAL AID COMMISSION

STATEMENT OF REVENUE, EXPENDITURE AND EQUITY

FOR THE YEAR ENDED 31 MARCH 2000

	2000		1999
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
REVENUE			
Province of Newfoundland operating grant	\$5,370,900	\$5,370,900	\$5,488,200
Law Foundation of Newfoundland grant	363,447	100,000	333,580
Interest	42,152	50,000	50,104
Other	<u>10,321</u>	<u>45,000</u>	<u>26,651</u>
	<u>5,786,820</u>	<u>5,565,900</u>	<u>5,898,535</u>
EXPENDITURE			
Amortization	91,417	-	95,889
Bad debt expense	-	-	329
Bar fees and insurance	63,461	42,161	54,329
Capital asset purchases	-	138,141	-
Commissioners' fees and expenses	79,682	70,000	70,173
Conference and education	29,605	41,000	19,920
Legal fees and disbursements	706,394	371,277	531,282
Library	34,176	32,150	33,338
Miscellaneous	32,318	15,179	27,879
Office and equipment rental	274,884	319,795	272,388
Office expense	105,888	84,713	112,119
Salaries and benefits	4,667,282	4,359,588	4,369,455
Telephone and light	79,509	77,296	73,417
Travel	<u>17,039</u>	<u>14,600</u>	<u>12,564</u>
	<u>6,181,655</u>	<u>5,565,900</u>	<u>5,673,082</u>
Excess of (expenditure over revenue)			
revenue over expenditure	(394,835)	-	225,453
Equity, beginning of year	<u>457,026</u>	<u>457,026</u>	<u>231,573</u>
Equity, end of year	<u>\$ 62,191</u>	<u>\$ 457,026</u>	<u>\$ 457,026</u>

See accompanying notes

NEWFOUNDLAND LEGAL AID COMMISSION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u>	<u>1999</u>
Cash flows from operating activities		
Excess of (expenditure over revenue) revenue over expenditure	\$ (394,835)	\$ 225,453
Adjustment for non cash items		
Amortization	<u>91,417</u>	<u>95,889</u>
	(303,418)	321,342
Changes in non-cash working capital		
Accounts receivable	(15,150)	53,277
Prepaid expenses	2,085	(8,629)
Accounts payable and accrued liabilities	160,625	(160,714)
Deferred revenue	<u>10,810</u>	<u>29,405</u>
	(145,048)	234,681
Increase in accrued severance pay	<u>110,351</u>	<u>58,581</u>
	(34,697)	293,262
Cash flows from investing activities		
Purchase of capital assets	<u>(58,156)</u>	<u>(121,067)</u>
Net (decrease) increase in cash	(92,853)	172,195
Cash, beginning of year	<u>864,304</u>	<u>692,109</u>
Cash, end of year	<u>\$ 771,451</u>	<u>\$ 864,304</u>

See accompanying notes

NEWFOUNDLAND LEGAL AID COMMISSION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

Authority

The Newfoundland Legal Aid Commission (the Commission) operates under the authority of the Legal Aid Act. The purpose of the Commission is to establish and administer a plan of legal aid for the residents of the Province of Newfoundland.

The affairs of the Commission are managed by a Board of Commissioners consisting of the Deputy Minister of Justice and the Provincial Director of the Commission, and five members appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Commission in accordance with generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Revenue recognition

Revenue for legal services is recognized upon completion of services provided for legal action.

(b) Capital assets

Capital assets are capitalized at cost at the time of acquisition. The budget for the purchase of capital assets was \$138,141 (1999 - \$138,143). Actual purchases totalled \$58,156 (1999 - \$121,067). Amortization is recorded as follows:

Office furniture and equipment - Straight line basis over a period of five years from the date of purchase

Software development - Straight line basis over a period of five years from the date of purchase

Computer equipment - Straight line basis over a period of five years from the date of purchase.

Leasehold improvements - Straight line basis over the remaining life of the rental agreement.

(c) Severance pay

Severance pay is calculated based upon years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continual service, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the public service. If the employee transfers to another entity included in the public service, then the liability is transferred to that entity.

NEWFOUNDLAND LEGAL AID COMMISSION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

2. Accounts receivable

	<u>2000</u>	<u>1999</u>
Trade	\$322,016	\$311,161
Harmonized Sales Tax	<u>20,849</u>	<u>18,625</u>
	342,865	329,786
Less: allowance for doubtful accounts	<u>(205,546)</u>	<u>(207,617)</u>
	<u>\$137,319</u>	<u>\$122,169</u>

3. Funds deposited in trust

Funds deposited in trust represent amounts received by the Commission for legal action which has yet to be completed. Once legal action has been completed, these deposits will be combined with the general funds of the Commission.

4. Capital assets

	<u>2000</u>		<u>1999</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Office furniture and equipment	\$611,733	\$554,888	\$ 79,015
Software development	139,313	54,880	112,297
Computer equipment	144,438	35,770	108,668
Leasehold improvements	<u>16,383</u>	<u>16,383</u>	<u>-</u>
	<u>\$911,867</u>	<u>\$661,921</u>	<u>\$283,207</u>

NEWFOUNDLAND LEGAL AID COMMISSION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

5. Accounts payable and accrued liabilities

	<u>2000</u>	<u>1999</u>
Trade	\$ 88,202	\$ 55,471
Salaries and benefits	<u>474,540</u>	<u>346,646</u>
	<u>\$562,742</u>	<u>\$402,117</u>

6. Contingent liabilities

As at 31 March 2000, several claims had been filed against the Commission. These actions have not progressed far enough to enable the formation of a definite opinion as to their outcome. The likelihood of loss or the amount of possible loss to the Commission is not determinable at this time.

7. Pensions

Under the Legal Aid Act, Commission staff are subject to the Public Service Pensions Act. Employee contributions are matched by the Commission and then remitted to the Province of Newfoundland Pooled Pension Fund from which pensions will be paid to employees when they retire. The Commission's share of pension contributions for 2000 was \$232,641 (1999 - \$214,274).

8. Lease commitments

The Commission has entered into agreements requiring lease payments for office rental for the next four years as follows:

2001	\$144,948
2002	\$144,948
2003	\$132,869

9. Economic dependence

As a result of the Commission's reliance on Provincial funding to meet its cost of operations, the Commission's ability to continue viable operations is dependent upon continued funding from the Province.

10. Financial instruments

The Commission's financial instruments recognized in the Balance Sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities, the carrying value of which approximate fair value due to the short-term maturity associated with these instruments.

NEWFOUNDLAND LEGAL AID COMMISSION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

11. Income taxes

The Commission is a Crown entity of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

12. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

NEWFOUNDLAND LIQUOR CORPORATION

REPORT AND FINANCIAL STATEMENTS

MARCH 31, 2000



AUDITORS' REPORT

The Board of Directors,
Newfoundland Liquor Corporation

We have audited the balance sheet of the Newfoundland Liquor Corporation as at March 31, 2000 and the statements of income, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

St. John's, Newfoundland,
July 21, 2000.

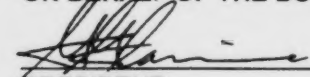
Deloitte & Touche LLP
Chartered Accountants

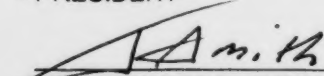
NEWFOUNDLAND LIQUOR CORPORATION

BALANCE SHEET AS AT MARCH 31, 2000

	2000	1999
ASSETS		
Current		
Cash	\$ 12,841,401	\$ 16,405,051
Accounts receivable	2,331,938	2,108,815
Beer commissions receivable	4,208,597	4,068,243
Inventories, at cost (Note 2)	20,811,566	19,876,587
Prepaid expenses	362,894	452,820
	<u>40,556,396</u>	<u>42,911,516</u>
Capital assets (Note 3)	3,103,985	3,328,098
Leased assets (Note 4)	105,591	134,850
Intangible assets (Note 5)	182,601	-
	<u>\$ 43,948,573</u>	<u>\$ 46,374,464</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 12,268,988	\$ 11,474,342
Accrued vacation pay	408,487	387,098
Current portion of long term debt (Note 6)	100,000	100,000
	<u>12,777,475</u>	<u>11,961,440</u>
Accrued severance pay	1,717,726	1,689,814
Long term debt (Note 6)	300,000	400,000
	<u>14,795,201</u>	<u>14,051,254</u>
EQUITY		
Retained earnings	<u>29,153,372</u>	<u>32,323,210</u>
	<u>\$ 43,948,573</u>	<u>\$ 46,374,464</u>

ON BEHALF OF THE BOARD:


 PRESIDENT


 CHAIRMAN OF THE BOARD

See accompanying notes to financial statements.

NEWFOUNDLAND LIQUOR CORPORATION

STATEMENT OF RETAINED EARNINGS FOR THE YEAR ENDED MARCH 31, 2000

	<u>2000</u>	<u>1999</u>
Balance, beginning of the year	\$ 32,323,210	\$ 25,538,434
Net income for the year	<u>92,830,162</u>	<u>87,184,776</u>
	125,153,372	112,723,210
Payments to the Province of Newfoundland	<u>96,000,000</u>	<u>80,400,000</u>
Balance, end of the year	<u>\$ 29,153,372</u>	<u>\$ 32,323,210</u>

See accompanying notes to financial statements.

NEWFOUNDLAND LIQUOR CORPORATION

STATEMENT OF INCOME FOR THE YEAR ENDED MARCH 31, 2000

	2000	1999
Sales	<u>\$ 104,391,202</u>	<u>\$ 97,280,281</u>
Cost of goods sold		
Inventory, beginning of the year	19,876,587	17,865,997
Purchases	<u>43,142,341</u>	<u>41,447,780</u>
Cost of goods available for sale	63,018,928	59,313,777
Less: Inventory, end of the year	<u>20,811,566</u>	<u>19,876,587</u>
	<u>42,207,362</u>	<u>39,437,190</u>
Gross profit	<u>62,183,840</u>	<u>57,843,091</u>
Commission revenue on sale of beer	<u>43,959,460</u>	<u>41,739,902</u>
Other income		
Commission on licensee purchases	2,585,818	2,453,842
Interest	1,046,897	940,732
Miscellaneous	<u>378,960</u>	<u>363,357</u>
	<u>4,011,675</u>	<u>3,757,931</u>
Income from operations	110,154,975	103,340,924
Administrative and operating expenses (Schedule 1)	<u>17,324,813</u>	<u>16,156,148</u>
Net income for the year	<u><u>\$ 92,830,162</u></u>	<u><u>\$ 87,184,776</u></u>

See accompanying notes to financial statements.

NEWFOUNDLAND LIQUOR CORPORATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2000

	2000	1999
Operating activities		
Net income for the year	\$ 92,830,162	\$ 87,184,776
Items not requiring cash		
Amortization	564,876	515,091
Gain on disposal of capital assets	(181)	(11,152)
Accrual for severance pay	27,912	166,508
	<u>93,422,769</u>	<u>87,855,223</u>
Net change in non-cash working capital	<u>(392,494)</u>	<u>1,757,851</u>
	<u>93,030,275</u>	<u>89,613,074</u>
Investing activities		
Proceeds on disposal of capital assets	11,170	11,823
Purchase of capital assets	(505,095)	(332,974)
	<u>(493,925)</u>	<u>(321,151)</u>
Financing activities		
Payments to the Province of Newfoundland	(96,000,000)	(80,400,000)
Decrease in long term debt	(100,000)	(200,000)
	<u>(96,100,000)</u>	<u>(80,600,000)</u>
Increase (decrease) in cash for the year	(3,563,650)	8,691,923
Cash, beginning of the year	16,405,051	7,713,128
Cash, end of the year	<u>\$ 12,841,401</u>	<u>\$ 16,405,051</u>

See accompanying notes to financial statements.

NEWFOUNDLAND LIQUOR CORPORATION

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2000

1. Accounting policies

a. Inventories

Inventories are valued at actual landed cost including freight and federal taxes.

b. Capital assets

Capital assets are recorded at cost. Amortization is recorded over the expected useful life of the asset on a straight line basis as follows:

Buildings	20 years
Store equipment and fixtures	5 years
Motor vehicles	3 years
Office furniture and equipment	5 years and 10 years
Plant and warehouse equipment	3 years and 5 years

c. Leased assets

Leased assets are recorded at cost. Amortization is recorded over the terms of the leases on a straight line basis as follows:

Leasehold improvements	1 to 20 years
Leased land	30 years
Equipment	5 1/2 years

Leasehold improvements made to head office premises are expensed in the year incurred.

d. Intangible assets

Intangible assets consist of a trademark which is recorded at cost and amortized on a straight line basis over a five-year period.

e. Severance pay

A liability for severance pay is recorded in the accounts for all employees who have a vested right to receive such payment. No provision for severance pay liability is made for employees who have less than nine years of continual service.

f. Financial instruments

The Corporation has evaluated fair values of its financial instruments based on the current interest rate environment, related market values and current pricing of financial instruments with comparable terms. The carrying value of these financial instruments is considered to approximate fair value.

NEWFOUNDLAND LIQUOR CORPORATION

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2000

1. Accounting policies (Continued)

g. Accounting estimates

The preparation of the Corporation's financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used when accounting for items and matters such as allowance for uncollectible accounts receivable, inventory obsolescence, amortization, taxes, provisions and contingencies.

2. Inventories

	2000	1999
Head office	\$ 7,577,918	\$ 6,047,288
Branch stores	5,239,195	5,917,954
Stock in transit	4,072,771	4,547,073
Raw materials	983,261	881,996
Finished goods	2,926,136	2,482,276
Work in progress	12,285	-
	<u>\$ 20,811,566</u>	<u>\$ 19,876,587</u>

3. Capital assets

	2000		1999	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 1,136,841	\$ -	\$ 1,136,841	\$ 1,136,841
Buildings	4,874,342	3,483,575	1,390,767	1,603,939
Store equipment and fixtures	1,193,387	1,144,618	48,769	43,357
Motor vehicles	100,862	68,106	32,756	25,992
Office furniture and equipment	1,589,418	1,277,526	311,892	256,379
Plant and warehouse equipment	2,391,852	2,208,892	182,960	261,590
	<u>\$ 11,286,702</u>	<u>\$ 8,182,717</u>	<u>\$ 3,103,985</u>	<u>\$ 3,328,098</u>

NEWFOUNDLAND LIQUOR CORPORATION

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2000

4. Leased assets

	2000		1999
	Cost	Accumulated Amortization	Net Book Value
Leasehold improvements	\$ 4,173,073	\$ 4,157,825	\$ 15,248
Leased land	248,925	158,582	90,343
Equipment	-	-	-
	<u>\$ 4,421,998</u>	<u>\$ 4,316,407</u>	<u>\$ 105,591</u>
			<u>\$ 134,850</u>

5. Intangible assets

	2000		1999
	Cost	Accumulated Amortization	Net Book Value
Trademark	<u>\$ 202,800</u>	<u>\$ 20,199</u>	<u>\$ 182,601</u>
			<u>\$ -</u>

6. Long term debt

	2000	1999
11 7/20% debenture, issued to Brant Investments and held by National Trust Company Limited, repayable in annual principal instalments of \$100,000	\$ 400,000	\$ 500,000
Less: current portion	<u>100,000</u>	<u>100,000</u>
	<u>\$ 300,000</u>	<u>\$ 400,000</u>

These debentures are guaranteed unconditionally, as to principal and interest, by the Province of Newfoundland.

NEWFOUNDLAND LIQUOR CORPORATION

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2000

7. Lease commitments

The Corporation has entered into rental leases covering retail outlets. Annual lease obligations for the next five years are as follows:

2001	\$ 790,640
2002	603,127
2003	468,766
2004	213,228
2005	<u>94,737</u>
	<u>\$ 2,170,498</u>

8. Related party transactions

The Corporation is leasing office and warehouse space in St. John's from the Department of Works, Services and Transportation. These leases are rent free; however, all operating and maintenance costs related to the buildings are the responsibility of the Corporation.

9. Pensions

The Corporation and its employees are subject to the Public Service Pensions Act effective June 26, 1973. Pension contributions deducted from employees' salaries are matched by the Corporation and then remitted to the Province of Newfoundland Pooled Pension Fund from which pensions will be paid to employees when they retire. The Corporation's share of pension expense for the year is \$ 406,868 (1999 - \$379,549).

SCHEDULE 1

NEWFOUNDLAND LIQUOR CORPORATION

**SCHEDULE OF ADMINISTRATIVE AND OPERATING EXPENSES
FOR THE YEAR ENDED MARCH 31, 2000**

	2000	1999
Salaries and employee benefits	\$ 9,090,473	\$ 8,772,066
Agency store commission and expenses	3,208,462	2,876,240
Rent	859,169	835,809
Marketing	600,999	453,991
Interest and bank charges	412,831	361,787
Amortization on capital assets	378,387	388,851
Consulting fees	283,537	64,164
Freight to stores	267,602	247,542
Heat and light	234,751	239,590
Repairs and maintenance	214,508	215,341
Stationery and office supplies	175,847	144,050
Cleaning	147,082	153,856
Inventory breakage and shortage	145,772	121,369
Communications	141,768	138,363
Travel	136,057	109,230
Municipal tax	111,580	108,032
Store supplies and wrapping	111,199	107,053
Staff training	110,484	84,385
Security	92,863	116,403
Professional fees	72,305	118,712
Amortization on leased assets	69,336	39,845
Miscellaneous	61,624	38,630
Inventory storage charges	57,292	-
Interest on long term debt	57,233	72,641
Postage	54,253	49,104
Uniforms	48,749	101,429
Insurance	48,386	47,701
Advertising	39,821	41,190
Directors' fees and expenses	38,493	58,191
Dues and subscriptions	27,134	24,427
Motor vehicle expenses	16,524	17,697
Staff recruitment	12,612	18,867
New product development	2,068	-
Gain on disposal of capital assets	(181)	(11,152)
Bad debt expense (recovery)	(4,207)	744
Total	\$ 17,324,813	\$ 16,156,148

NEWFOUNDLAND MEDICAL CARE COMMISSION

FINANCIAL STATEMENTS

31 MARCH 2000



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Deputy Minister
Department of Health and Community Services
St. John's, Newfoundland

I have audited the balance sheet of the Newfoundland Medical Care Commission as at 31 March 2000 and the statement of revenue and expenditure for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at 31 March 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Elizabeth Marshall

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
27 June 2000

NEWFOUNDLAND MEDICAL CARE COMMISSION

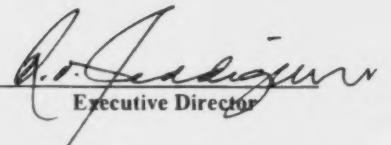
BALANCE SHEET

31 MARCH 2000

	<u>2000</u>	<u>1999</u>
ASSETS		
Current		
Cash	\$ 85,953	\$ 1,176,411
Due from Province of Newfoundland (Note 2)	21,273,285	22,873,373
Accounts receivable	617,739	635,096
Prepaid expenses	<u>41,803</u>	<u>48,399</u>
	22,018,780	24,733,279
Capital assets (Note 3)	<u>-</u>	<u>-</u>
	<u>\$22,018,780</u>	<u>\$24,733,279</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 895,591	\$ 944,340
Liability for presented and processed claims	13,133,891	13,144,522
Estimated liability for unpresented and unprocessed claims	6,616,305	5,693,460
Liability for salaried physicians	864,743	4,490,457
Liability for medical malpractice premium subsidy	<u>508,250</u>	<u>460,500</u>
	<u>\$22,018,780</u>	<u>\$24,733,279</u>

See accompanying notes

Signed on behalf of the Commission:


Executive Director

NEWFOUNDLAND MEDICAL CARE COMMISSION

STATEMENT OF REVENUE AND EXPENDITURE

FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u>	<u>1999</u>
REVENUE		
Province of Newfoundland	\$181,898,499	\$170,409,464
Interest income	251,019	263,172
Audit recoveries	43,618	120,770
Miscellaneous	<u>64,739</u>	<u>69,866</u>
	<u>\$182,257,875</u>	<u>\$170,863,272</u>
EXPENDITURE		
Administrative expenditure (Schedule 1)	\$ 4,385,260	\$ 4,312,128
Dental Health Plan	5,339,924	5,467,808
Insured services (Note 5)	128,810,110	124,952,391
Medical malpractice premium subsidy	1,671,176	1,894,434
Salaried physicians	<u>42,051,405</u>	<u>34,236,511</u>
	<u>\$182,257,875</u>	<u>\$170,863,272</u>

See accompanying notes

NEWFOUNDLAND MEDICAL CARE COMMISSION

SCHEDULE OF ADMINISTRATIVE EXPENDITURE

FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u>	<u>1999</u>
Audit fees	\$ 9,900	\$ 9,000
Bad debts	14,347	70,145
Cleaning	5,281	5,235
Commission fees	-	2,545
Computer costs (Note 6)	994,900	841,467
Consultant fees	67,898	99,942
Electricity	7,344	5,793
Furniture and equipment	117,863	150,520
Furniture and equipment maintenance	23,357	29,031
Interest and bank charges	5,985	6,020
Leasehold improvements	16,203	45,015
Microfilming	299	732
Miscellaneous	68,474	38,762
Office rental	270,900	270,900
Office supplies	85,801	49,037
Payroll tax	36,920	41,281
Postage and telephone	133,696	126,760
Salaries and benefits	2,473,417	2,492,312
Travel	<u>52,675</u>	<u>27,631</u>
	<u>\$4,385,260</u>	<u>\$4,312,128</u>

See accompanying notes

NEWFOUNDLAND MEDICAL CARE COMMISSION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

Authority

The Newfoundland Medical Care Commission (the Commission) operates under the authority of the Medical Care Insurance Act. It is responsible for the administration of medical and dental care insurance programs on behalf of the residents of Newfoundland and Labrador. Commission members are appointed by the Lieutenant-Governor in Council.

On 1 April 2000, the Medical Care Insurance Act, 1999 was enacted which disbanded the Commission and transferred the assets, liabilities and operations of the Commission to the Department of Health and Community Services. These financial statements represent the Commission's final financial position and results of operations.

1. Significant accounting policies

These financial statements have been prepared by the Commission in accordance with generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Capital assets

Capital assets are capitalized at cost at the time of acquisition and expensed in the year of acquisition.

(b) Severance pay

Severance pay is calculated based upon years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continuous service, and accordingly no provision has been made in the accounts for employees with less than nine years of continuous service. If the employee transfers to another entity within the public service, then the liability is transferred to that entity.

2. Due from Province of Newfoundland

In accordance with Section 27 of the Medical Care Insurance Act, the Province of Newfoundland is responsible for funding the expenditures incurred by the Commission in carrying out its powers, functions and duties. Accordingly, the amount due from the Province represents the balance of funds owing by the Province to the Commission at 31 March.

3. Capital assets

	<u>2000</u>	<u>1999</u>
Furniture and equipment	\$1,118,080	\$1,102,106
Less: expensed in year of acquisition	<u>1,118,080</u>	<u>1,102,106</u>
	<u>\$ -</u>	<u>\$ -</u>

NEWFOUNDLAND MEDICAL CARE COMMISSION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

4. Bank indebtedness

The Commission has an operating line of credit of \$1,000,000 which was authorized by the Province. There was no balance outstanding for either the current or prior year.

5. Insured services

	<u>2000</u>	<u>1999</u>
Fee for Service - Physicians	\$115,335,420	\$113,403,478
Fee for Service - Out-of-Province	4,779,353	4,636,581
Incentive Fund	220,738	345,303
Sessional	8,125,335	6,178,685
Surgical Dental	<u>349,264</u>	<u>388,344</u>
	<u>\$128,810,110</u>	<u>\$124,952,391</u>

The Commission has a global capping mechanism in place to ensure that expenditures for insured services do not exceed the fixed budget. This mechanism was not required to be used in the current or previous year.

In addition, in both 1999-2000 and 1998-99, reductions were made in payments to certain physicians who exceeded stipulated levels based on a separate proration formula developed in conjunction with the Newfoundland and Labrador Medical Association.

6. Computer costs

	<u>2000</u>	<u>1999</u>
Claims Processing	\$461,894	\$425,213
Facilities Management	457,134	235,215
Equipment Maintenance	6,749	4,820
Development/Enhancements	<u>69,123</u>	<u>176,219</u>
	<u>\$994,900</u>	<u>\$841,467</u>

NEWFOUNDLAND MEDICAL CARE COMMISSION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

7. Pensions

The Commission and its staff are subject to the Public Service Pensions Act, 1991. Employee contributions are matched by the Commission and then remitted to the Province of Newfoundland Pooled Pension Fund from which pensions will be paid to employees when they retire. The Commission's share of pension contributions for 2000 was \$123,458 (1999 - \$119,800).

8. Income taxes

The Commission is a Crown entity of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

NEWFOUNDLAND MUNICIPAL FINANCING CORPORATION

FINANCIAL STATEMENTS

31 MARCH 2000



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Directors
Newfoundland Municipal Financing
Corporation
St. John's, Newfoundland

I have audited the balance sheet of the Newfoundland Municipal Financing Corporation as at 31 March 2000 and the statements of revenue, expenditure and deficit, and changes in cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2000 and the results of its operations and the changes in its cash flows for the year then ended in accordance with generally accepted accounting principles.

Elizabeth Marshall

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
28 June 2000

NEWFOUNDLAND MUNICIPAL FINANCING CORPORATION

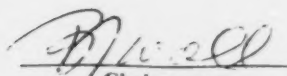
BALANCE SHEET

31 MARCH 2000

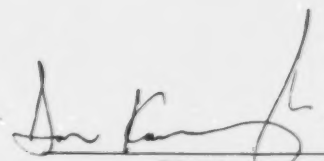
	<u>2000</u> (000's)	<u>1999</u> (000's)
ASSETS		
Current		
Cash and term deposits	\$ 6,559	\$ 10,171
Investment - coupons	6,401	5,519
Accounts receivable	14,371	14,235
Accrued interest receivable	8,935	10,063
Current portion of loans receivable (Note 2)	<u>39,278</u>	<u>44,095</u>
	75,544	84,083
Long-term investment - coupons	28,122	23,628
Long-term loans receivable (Note 2)	263,960	292,033
Deferred charges (Note 3)	<u>1,308</u>	<u>1,485</u>
	<u>\$368,934</u>	<u>\$401,229</u>
LIABILITIES AND DEFICIT		
Current		
Accounts payable and accrued liabilities	\$ 41	\$ 43
Accrued interest payable	12,038	12,896
Current portion of debenture debt (Note 4)	39,379	41,779
Current portion of deferred revenue (Note 5)	<u>2,252</u>	<u>1,953</u>
	53,710	56,671
Long-term debenture debt (Note 4)	310,077	331,023
Deferred revenue (Note 5)	6,114	6,722
Reserve fund (Note 6)	<u>3,056</u>	<u>10,938</u>
	372,957	405,354
Deficit	<u>(4,023)</u>	<u>(4,125)</u>
	<u>\$368,934</u>	<u>\$401,229</u>

See accompanying notes

Signed on behalf of the Board of Directors:



 Chairperson
 -835-



 Director

NEWFOUNDLAND MUNICIPAL FINANCING CORPORATION

STATEMENT OF REVENUE, EXPENDITURE AND DEFICIT

FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u> (000's)	<u>1999</u> (000's)
REVENUE		
Interest on loans to municipal corporations	\$34,128	\$ 37,846
Sinking fund income	4,695	8,030
Short-term interest	2,260	1,447
Amortization of deferred revenue:		
Prepayment penalties	<u>2,103</u>	<u>1,600</u>
	<u>43,186</u>	<u>48,923</u>
EXPENDITURE		
Administrative and miscellaneous	250	193
Amortization of deferred charges:		
Issue expenses on debenture debt	240	250
Premiums and discounts on debenture debt	106	129
Interest on long-term debt	<u>42,488</u>	<u>48,653</u>
	<u>43,084</u>	<u>49,225</u>
Excess of revenue over expenditure (expenditure over revenue)	102	(302)
Deficit, beginning of year	<u>(4,125)</u>	<u>(3,823)</u>
Deficit, end of year	<u>\$ (4,023)</u>	<u>\$ (4,125)</u>

See accompanying notes

NEWFOUNDLAND MUNICIPAL FINANCING CORPORATION

STATEMENT OF CHANGES IN CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u> (000's)	<u>1999</u> (000's)
Cash provided by (used in):		
Operating activities		
Excess of revenue over expenditure (expenditure over revenue)	\$ 102	\$ (302)
Add (deduct) non-cash items		
Sinking fund income	(4,695)	(8,030)
Amortization of issue expenses on debenture debt	240	250
Amortization of premiums and discounts on debenture debt	<u>106</u>	<u>129</u>
	(4,247)	(7,953)
Change in non-cash working capital	<u>134</u>	<u>(4,901)</u>
	<u>(4,113)</u>	<u>(12,854)</u>
Financing activities		
Proceeds from debenture issues	20,000	43,000
Liquidation of sinking fund assets	8,447	41,323
Retirement of debentures	(40,919)	(67,870)
Sinking fund requirements	(860)	(860)
Issue expenses on debenture debt	(139)	(95)
Discounts on debenture debt	(30)	(162)
Deferred revenue	(309)	2,634
Reserve fund	<u>(7,882)</u>	<u>(366)</u>
	<u>(21,692)</u>	<u>17,604</u>
Investing activities		
Investment - coupons	(9,815)	(14,965)
Loans to municipal corporations	(19,789)	(54,750)
Payments on loans from municipal corporations	<u>52,679</u>	<u>62,563</u>
	<u>23,075</u>	<u>(7,152)</u>
Decrease in cash, term deposits and investment - coupons	(2,730)	(2,402)
Cash, term deposits and investment - coupons, beginning of year	<u>15,690</u>	<u>18,092</u>
Cash, term deposits and investment - coupons, end of year	<u>\$12,960</u>	<u>\$ 15,690</u>

See accompanying notes

NEWFOUNDLAND MUNICIPAL FINANCING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

Authority

Newfoundland Municipal Financing Corporation (the Corporation) was created by the Municipal Financing Corporation Act. The Corporation's primary function is to provide long-term financing for the capital requirements of municipal corporations by the issuance of its securities, and relending the funds to municipal corporations. The affairs of the Corporation are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. All board members are full-time employees of the Province of Newfoundland. Support staff and resources of the Provincial Departments of Justice, Finance, and Municipal and Provincial Affairs are provided to the Corporation.

1. Significant accounting policies

These financial statements have been prepared by the Corporation in accordance with generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Premiums, discounts and issue expenses on debenture debt

Premiums, discounts and issue expenses are deferred and amortized on a straight line basis over the life of the debenture issue to which they relate. In the case of the early retirement of debenture debt, a proportionate amount of the deferred balance is included with the gain or loss in the determination of net income for the period.

(b) Deferred revenue

Penalties are charged when municipal corporations prepay all or a portion of their loans with the Corporation. These penalties are deferred and amortized on a straight line basis over the average years remaining for these loans prior to payout.

2. Loans receivable

	<u>2000</u> (000's)	<u>1999</u> (000's)
Loans receivable from municipal corporations	\$303,238	\$336,128
Less: current portion	<u>(39,278)</u>	<u>(44,095)</u>
Long-term portion	<u>\$263,960</u>	<u>\$292,033</u>

NEWFOUNDLAND MUNICIPAL FINANCING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

2. Loans receivable (cont.)

Loans to municipal corporations are made on the security of their debentures. Provisions exist for the recovery from the Province of any defaults by municipal corporations. Therefore, no allowance for doubtful accounts has been provided.

Principal payments receivable in each of the next five (5) years are as follows:

<u>Year</u>	<u>Amount</u> (000's)
2001	\$39,278
2002	\$34,926
2003	\$34,315
2004	\$32,207
2005	\$29,843

3. Deferred charges

	<u>2000</u> (000's)	<u>1999</u> (000's)
Issue expenses on debenture debt	\$ 878	\$ 978
Premiums and discounts on debenture debt	<u>430</u>	<u>507</u>
	<u>\$1,308</u>	<u>\$1,485</u>

NEWFOUNDLAND MUNICIPAL FINANCING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

4. Debenture debt

The Corporation's debenture debt is unconditionally and fully guaranteed as to principal, interest and sinking fund payments, if any, by the Province of Newfoundland. Details of long-term debt outstanding at 31 March 2000 are as follows:

Series	Remaining Term	Interest Rate %	Sinking Fund Balance (000's)	2000 (000's)	1999 (000's)	
MFC-08	15 Nov 2000-03	13.000	\$30,690	\$30,690	\$36,009	(a)
MFC-11			-	-	5,000	
MFC-12	14 Mar 2001-05	12.250	7,979	13,000	13,000	
MFC-14	1 Aug 2000-05	11.250	16,487	16,487	16,487	(b)
MFC-16	19 Dec 2000-05	11.000	13,530	15,000	15,000	(c)
MFC-17	11 Dec 2000-06	10.125-10.250	-	10,500	12,000	(d)
MFC-18	15 Dec 2000-02	11.375	-	6,999	9,332	(e)
MFC-19	29 Jun 2000-03	11.000-11.250	-	6,664	8,330	(f)
MFC-20	15 Sep 2000-03	11.500-11.625	-	9,336	11,670	(g)
MFC-21	1 Dec 2000-08	10.875	5,362	15,000	15,000	
MFC-22	15 Jun 2000-09	10.500	-	12,500	13,750	(h)
MFC-23	7 Dec 2000-04	10.375	-	6,000	7,000	(i)
MFC-24	30 May 2000-05	12.500-12.750	-	10,720	12,505	(j)
MFC-25	27 Nov 2000-05	12.125-12.250	-	9,997	11,664	(k)
MFC-26	30 May 2000-06	10.750-10.875	-	18,669	21,336	(l)
MFC-27	20 Nov 2000-06	10.000-10.250	-	11,664	13,331	(m)
MFC-28	30 Apr 2000-07	9.875-10.250	-	21,331	23,998	(n)
MFC-29	15 Dec 2000-07	9.000- 9.625	-	8,000	9,000	(o)
MFC-30	20 May 2000-08	8.250- 9.125	-	18,000	20,000	(p)
MFC-31	1 Dec 2000-08	7.250- 8.375	-	20,997	23,330	(q)
MFC-32	17 May 2000-08	8.625- 9.375	-	25,000	28,000	(r)
MFC-33	2 Sep 2000-03	9.750	-	10,000	10,000	
MFC-34	2 Sep 2000-07	9.960	-	10,000	10,000	
MFC-35	15 Dec 2000-04	9.500-10.000	-	20,000	22,000	(s)
MFC-36	15 May 2000-10	8.800- 9.600	-	13,750	15,000	(t)
MFC-37	10 Jan 2001-11	7.500- 8.375	-	22,000	24,000	(u)
MFC-38	1 Jun 2000-13	5.375- 6.000	-	17,000	17,000	(v)
MFC-39	16 Dec 2000-13	5.250- 6.125	-	24,200	26,000	(w)
MFC-40	14 Dec 2000-14	5.700- 6.850	-	20,000	-	(x)
Total			<u>\$ 74,048</u>	<u>423,504</u>	<u>449,742</u>	
Less: sinking funds				<u>(74,048)</u>	<u>(76,940)</u>	(y)
Net debenture debt				<u>349,456</u>	<u>372,802</u>	
Less: current portion				<u>(39,379)</u>	<u>(41,779)</u>	
Long-term portion				<u>\$310,077</u>	<u>\$331,023</u>	

NEWFOUNDLAND MUNICIPAL FINANCING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

4. Debenture debt (cont.)

- (a) Callable on any interest payment date on or after 15 November 2001, at par, on 30 days notice.
- (b) Callable on any interest payment date on or after 1 August 2003, at par, on 30 days notice.
- (c) Callable on any interest payment date on or after 19 December 2003, at par, on 30 days notice.
- (d) On 11 December of each year commencing 11 December 2000, the Corporation is to redeem \$1,500,000 each year for seven (7) years.
- (e) On 15 December of each year commencing 15 December 2000, the Corporation is to redeem \$2,333,000 in each of the years 2000 to 2002 inclusive.
- (f) On 29 June of each year commencing 29 June 2000, the Corporation is to redeem \$1,666,000 in each of the years 2000 to 2003 inclusive.
- (g) On 15 September of each year commencing 15 September 2000, the Corporation is to redeem \$2,334,000 in each of the years 2000 to 2003 inclusive.
- (h) On 15 June of each year commencing 15 June 2000, the Corporation is to redeem \$1,250,000 each year for ten (10) years.
- (i) On 7 December of each year commencing 7 December 2000, the Corporation is to redeem \$1,000,000 in each of the years 2000 to 2003 inclusive and \$2,000,000 in the year 2004.
- (j) On 30 May of each year commencing 30 May 2000, the Corporation is to redeem \$1,785,000 in the year 2000 and \$1,787,000 in each of the years 2001 to 2005 inclusive.
- (k) On 27 November of each year commencing 27 November 2000, the Corporation is to redeem \$1,667,000 in the year 2000 and \$1,666,000 in each of the years 2001 to 2005 inclusive.
- (l) On 30 May of each year commencing 30 May 2000, the Corporation is to redeem \$2,667,000 in each of the years 2000 to 2006 inclusive.
- (m) On 20 November of each year commencing 20 November 2000, the Corporation is to redeem \$1,667,000 in each of the years 2000 to 2001 inclusive and \$1,666,000 in each of the years 2002 to 2006 inclusive.

NEWFOUNDLAND MUNICIPAL FINANCING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

4. Debenture debt (cont.)

- (n) On 30 April of each year commencing 30 April 2000, the Corporation is to redeem \$2,667,000 in each of the years 2000 to 2002 inclusive and \$2,666,000 in each of the years 2003 to 2007 inclusive.
- (o) On 15 December of each year commencing 15 December 2000, the Corporation is to redeem \$1,000,000 each year for eight (8) years.
- (p) On 20 May of each year commencing 20 May 2000, the Corporation is to redeem \$2,000,000 each year for nine (9) years.
- (q) On 1 December of each year commencing 1 December 2000, the Corporation is to redeem \$2,333,000 in each of the years 2000 to 2008 inclusive.
- (r) On 17 May of each year commencing 17 May 2000, the Corporation is to redeem \$3,000,000 in each of the years 2000 to 2004 inclusive; \$2,000,000 in year 2005; \$6,000,000 in year 2007; and \$2,000,000 in year 2008.
- (s) On 15 December of each year commencing 15 December 2000, the Corporation is to redeem \$2,000,000 in each of the years 2000 to 2003 inclusive and \$12,000,000 in year 2004.
- (t) On 15 May of each year commencing 15 May 2000, the Corporation is to redeem \$1,250,000 each year for eleven (11) years.
- (u) On 10 January of each year commencing 10 January 2001, the Corporation is to redeem \$2,000,000 each year for eleven (11) years.
- (v) On 1 June of each year commencing 1 June 2000, the Corporation is to redeem \$1,200,000 in each of the years 2000 to 2009 inclusive and \$1,250,000 in years 2010 to 2013 inclusive.
- (w) On 16 December of each year commencing 16 December 2000, the Corporation is to redeem \$1,800,000 in 2000, \$1,900,000 in year 2001, \$2,000,000 in years 2002 to 2005, \$2,500,000 in years 2006 to 2008, \$1,000,000 in years 2009 to 2013.
- (x) On 14 December of each year commencing 14 December 2000, the Corporation is to redeem \$1,400,000 in the years 2000 to 2001, \$1,500,000 in years 2002 to 2003, \$1,600,000 in year 2004, \$1,700,000 in years 2005 to 2006, \$1,800,000 in year 2007, \$1,200,000 in years 2008 to 2009 and \$1,000,000 in years 2010 to 2014.
- (y) For debentures which have sinking fund requirements, the Corporation makes the required contributions to the Board of Trustees of the Newfoundland Consolidated Sinking Funds. This is an unincorporated body appointed by the Lieutenant-Governor in Council. All board members are full-time employees of the Province of Newfoundland.

NEWFOUNDLAND MUNICIPAL FINANCING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

4. Debenture debt (cont.)

Estimated sinking fund requirements and debenture maturities over the next five (5) years are as follows:

<u>Year Ending</u> <u>31 March</u>	<u>Sinking Fund</u> <u>Requirements</u> (000's)	<u>Debenture</u> <u>Maturities</u> (000's)	<u>Total</u> <u>Amount</u> (000's)
2001	\$860	\$38,519	\$39,379
2002	\$860	\$38,620	\$39,480
2003	\$560	\$38,819	\$39,379
2004	\$560	\$46,485	\$47,045
2005	\$300	\$43,585	\$43,885

Debenture maturities reflect only securities maturing without sinking funds.

5. Deferred revenue

	<u>2000</u> (000's)	<u>1999</u> (000's)
Deferred revenue	\$8,366	\$8,675
Less: current portion	<u>(2,252)</u>	<u>(1,953)</u>
	<u>\$6,114</u>	<u>\$6,722</u>

During the year, 19 municipal corporations paid off a portion or, all of their loans with the Corporation. The total of these payouts was \$11,434,827. Subsequent to year end, another 7 municipal corporations paid off their loans totalling \$3,339,897.

NEWFOUNDLAND MUNICIPAL FINANCING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

6. Reserve fund

During the year, the Province of Newfoundland advanced \$5,000,000 to the Corporation to mitigate arrears with respect to municipal loans. This reserve fund will be allocated as the Department of Municipal and Provincial Affairs concludes negotiations with various municipal corporations with respect to restructuring debt due to the Corporation. Amounts totalling \$12,882,233 were allocated to 18 municipal corporations during the year.

	<u>2000</u> (000's)	<u>1999</u> (000's)
Balance, beginning of year	\$10,938	\$11,304
Add: funds advanced to Corporation during year	5,000	5,000
Less: amounts allocated to municipalities for debt restructuring	<u>(12,882)</u>	<u>(5,366)</u>
Balance, end of year	<u>\$ 3,056</u>	<u>\$10,938</u>

7. Economic dependence

As a result of cost-sharing arrangements, the loans receivable from municipal corporations disclosed in Note 2 are serviced by both the municipal corporations and the Province of Newfoundland. Due to the nature of these arrangements, the Province is in effect repaying a significant portion of the loans owing to the Corporation. Provisions exist for the recovery from the Province of any defaults by municipal corporations.

The Corporation's debentures are fully guaranteed by the Province as to principal, interest and sinking fund payments, if any. As at 31 March 2000, this guarantee covered net debenture debt and accrued interest totalling \$361,494,000. In addition, the Province, through the Department of Municipal and Provincial Affairs, assists municipal corporations in repaying their debt and related interest charges.

As a result, the Corporation's continued existence is dependent upon the decisions of the Province.

8. Income taxes

The Corporation is a Crown corporation of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member Firm of
Grant Thornton International

Grant Thornton 

**Newfoundland Ocean
Enterprises Limited
Consolidated
Financial Statements**
March 31, 2000

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Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member Firm of
Grant Thornton International

Auditors' Report

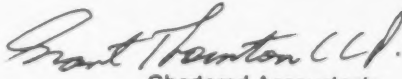
To the Shareholders of
Newfoundland Ocean Enterprises Limited

We have audited the consolidated balance sheet of Newfoundland Ocean Enterprises Limited as at March 31, 2000 and the consolidated statements of loss and deficit and cash flows for the year then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

St. John's, Newfoundland
May 31, 2000


Chartered Accountants

P. O. Box 8037
ICON Building
187 Kenmount Road
St. John's
Newfoundland
A1B 3M7
Tel (709) 722-5960
Fax (709) 722-7892

Newfoundland Ocean Enterprises Limited
Consolidated Statements of Loss and Deficit

Year ended March 31
(in thousands)

	2000	1999
Revenue	\$ 9	\$ 13
Expenses		
Interest	56	-
Other costs	156	251
	212	251
Net loss	\$ (203)	\$ (238)
Deficit, beginning of year	\$ (85,384)	\$ (85,146)
Net loss	(203)	(238)
Deficit, end of year	\$ (85,587)	\$ (85,384)

See accompanying notes to the consolidated financial statements.

Newfoundland Ocean Enterprises Limited

Consolidated Balance Sheet

March 31
(in thousands)

2000

1999

Assets

Current

Cash	\$ 55	\$ 280
Receivables	<u>101</u>	<u>79</u>
	<u>\$ 156</u>	<u>\$ 359</u>

Liabilities

Current

Payables and accruals	\$ <u>340</u>	\$ <u>340</u>
-----------------------	---------------	---------------

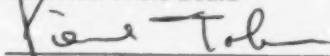
Shareholders' (Deficiency) Equity

Capital stock (Note 4)	3	3
Contributed surplus (Note 5)	85,400	85,400
Deficit	<u>(85,587)</u>	<u>(85,364)</u>
	<u>(184)</u>	<u>19</u>
	<u>\$ 156</u>	<u>\$ 359</u>

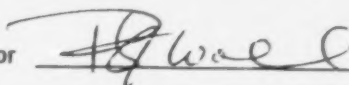
Contingent liabilities (Note 7)

Uncertainty (Note 8)

On behalf of the Board



Director



Director

See accompanying notes to the consolidated financial statements.

Newfoundland Ocean Enterprises Limited **Consolidated Statement of Cash Flows**

Year Ended March 31

(in thousands)

2000

1999

Increase (decrease) in cash and cash equivalents

Operating activities		
Net loss	\$ (203)	\$ (238)
Change in non-cash operating working capital (Note 6)	(22)	(1,034)
	(225)	(1,272)
Financing activities		
Repayment of bank borrowings	-	(70,900)
Contributed surplus	-	70,900
	-	-
Net decrease in cash and cash equivalents	(225)	(1,272)
Cash and cash equivalents		
Beginning of year	280	1,552
End of year	\$ 55	\$ 280

See accompanying notes to the consolidated financial statements.

Newfoundland Ocean Enterprises Limited

Notes to the Consolidated Financial Statements

March 31, 2000
(in thousands)

1. Operations

On January 1, 1998 the Company ceased active operations.

2. Summary of significant accounting policies

Principles of consolidation

The consolidated financial statements include the accounts of Newfoundland Ocean Enterprises Limited, its wholly-owned subsidiaries Marystown Shipyard Limited and Vinland Industries Limited, and Vinland Industries, a Limited Partnership.

Warranty

The estimated cost of warranty is recognized as a component of cost during the performance of the contracts. Adjustments to these estimated costs are recognized in the year in which they become evident.

Cash and cash equivalents

The Company has adopted the recommendations of the CICA Handbook and has presented a "Statement of Cash Flows" instead of a "Statement of Changes in Financial Position". Comparative figures have been restated to conform to the new requirements.

Cash and cash equivalents include cash on hand and balances with banks, and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Fair values of financial instruments

Fair values of financial instruments are disclosed in the notes to the financial statements when they differ from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation of their fair values.

3. Bank indebtedness

The Company has an operating line of credit with its bank, guaranteed by the Government of Newfoundland and Labrador.

4. Capital stock

2000

1999

Authorized:

An unlimited number of common shares of no par value

Issued and outstanding:

3 shares

\$ 3

\$ 3

Newfoundland Ocean Enterprises Limited

Notes to the Consolidated Financial Statements

March 31, 2000
(in thousands)

5. Contributed surplus

During the prior year, the Government of Newfoundland and Labrador advanced the Company funds, in the amount of \$70,900,000, to retire the bankers' acceptances outstanding at that date.

6. Supplemental cash flow information	<u>2000</u>	<u>1999</u>
Change in non-cash operating working capital		
Receivables	\$ (22)	\$ 1,063
Payables and accruals	<u>-</u>	<u>(2,097)</u>
	<u>\$ (22)</u>	<u>\$ (1,034)</u>
Interest paid (received)	<u>\$ 45</u>	<u>\$ (25)</u>

7. Contingent liabilities

At the balance sheet date, there are a number of claims against the Company in varying amounts for which no provision has been made. It is not possible to determine the amounts that may ultimately be assessed against the Company with respect to these claims, but management believes that any such amounts would not have a material impact on the financial position of the Company.

8. Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the Company, including those related to customers, suppliers, or other third parties, have been fully resolved.

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
FINANCIAL STATEMENTS/AUDITOR'S REPORT
June 30, 1999

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June 30, 19⁹⁹

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DAVID G. PURCHASE
CHARTERED ACCOUNTANT

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AUDITOR'S REPORT

To the Members of

School District #2,
Northern Peninsula/Labrador South

I have audited the balance sheet of the current and capital funds of School District #2, Northern Peninsula/Labrador South, as at June 30, 1999, and the statements of current revenue, expenditure and board equity, and changes in capital fund position for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 1999, and the results of its operations and the changes in its capital financial position for the year then ended in accordance with generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

CORNER BROOK, NEWFOUNDLAND
6 October 1999

David G. Purchase
CHARTERED ACCOUNTANT



DAVID G. PURCHASE
CHARTERED ACCOUNTANT

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Suite 325
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AUDITOR'S REPORT

To the Members of
School District #2
Northern Peninsula/Labrador South

In compliance with the requirements of Section 17 of the Schools Act,
I report as follows on my examination of the accounts of School District
#2, Northern Peninsula/Labrador South, for the year ended June 30, 1999.

SUFFICIENCY OF BONDS

Bond coverage of \$50,000 is carried on the Business Manager and
others in the Board office responsible for the collection, receipt and
depositing of Board funds. In addition, bond coverage of \$20,000 is
carried covering School Board Principals, Vice Principals and Secretaries.

In my opinion, the bond coverage carried is sufficient.

CORNER BROOK, NEWFOUNDLAND

6 October 1999

David G. Purchase
CHARTERED ACCOUNTANT

Balance Sheet

June 30, 199919991998Assets

Current Assets

Cash (Supp. Info. 1)	\$ 8,967	\$ 10,059
Short Term Investments (Supp. Info. 2)	5,173	5,173
Accounts Receivable (Note 2)	675,196	333,846
Prepaid Expenses (Supp. Info. 3)	20,936	12,977

Total Current Assets	<u>710,272</u>	<u>362,055</u>
----------------------	----------------	----------------

Property and Equipment (Sch. 8)	<u>37,584,580</u>	<u>37,631,700</u>
---------------------------------	-------------------	-------------------

	<u>\$ 38,294,852</u>	<u>\$ 37,993,755</u>
--	----------------------	----------------------

Liabilities and Board Equity

Current Liabilities

Bank Indebtedness (Note 3)	\$ 531,942	\$ 78,637
Accounts Payable and Accrued (Note 4)	4,241,315	3,823,073
Current Maturities (Schedule 9A)	6,194	--

Total Current Liabilities	<u>4,779,451</u>	<u>3,901,710</u>
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Long-Term Debt (Schedule 9)	<u>68,136</u>	<u>--</u>
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Board Equity

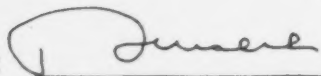
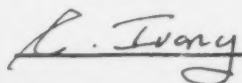
Investment In Capital Assets (Note 6)	37,510,250	37,631,700
Reserve Account (Note 5)		
Board Equity	<u>(4,062,985)</u>	<u>(3,539,655)</u>

Total Board Equity	<u>33,447,265</u>	<u>34,092,045</u>
--------------------	-------------------	-------------------

	<u>\$ 38,294,852</u>	<u>\$ 37,993,755</u>
--	----------------------	----------------------

See Accompanying Notes

Approved:

Chairman
-857-

Secretary

Statement of Current Revenues, Expenditures and Board Equity

Year Ended June 30, 1999

	1999	1998
Current Revenue (Schedule 1)		
Provincial Government Grants	\$23,419,979	20,241,036
Donations	136,318	37,730
Ancillary Services	15,078	17,259
Miscellaneous	<u>269,100</u>	<u>347,150</u>
	<u>23,840,475</u>	<u>20,643,175</u>
Current Expenditures		
Administration (Schedule 2)	861,359	852,025
Instruction (Schedule 3)	18,911,748	19,448,510
Operations and Maintenance (Schedule 4)	3,308,218	2,821,724
Pupil Transportation (Schedule 5)	1,312,730	1,303,935
Ancillary Services (Schedule 6)		
Interest Expense (Schedule 9C)		
Miscellaneous Expense (Schedule 7)		
	<u>24,394,055</u>	<u>24,426,194</u>
23 111 (Deficiency) Excess of Revenue over Expenditures	(553,580)	(3,783,019)
(to) from Transfer to/from Capital	<u>30,250</u>	<u>(9,658)</u>
Net Increase/Decrease in Board Equity	(523,330)	(3,792,677)
Board Equity (Deficit), Beginning of Year	<u>(3,539,655)</u>	<u>253,022</u>
	<u>(4,062,985)</u>	<u>(3,539,655)</u>
Less Transferred to Reserve Account	--	--
Board Equity (Deficit), End of Year	<u><u>\$(4,062,985)</u></u>	<u><u>(3,539,655)</u></u>
Board Equity (Deficit) consists of:		
Board Equity (Deficit) before		
Accrued Severance	(39,536)	104,830
Less: Accrued Severance		
Teachers	(3,693,689)	(3,323,880)
Support Staff	<u>(329,760)</u>	<u>(320,605)</u>
	<u>(4,023,449)</u>	<u>(3,644,485)</u>
Board Deficit, end of year	<u><u>\$(4,062,985)</u></u>	<u><u>(3,539,655)</u></u>

SCHOOL DISTRICT #2
(Name of School Board)

Statement of Changes in Financial Position
Year Ended June 30, 1999

		19 <u>99</u>	19 <u>98</u>
60	<u>Operating Activities</u>		
011	Excess of Revenue over Expenditures	\$ (553,580)	\$(3,783,019)
012	Changes in Non-Cash Working Capital		
013	- Short-Term Investments		
014	- Accounts Receivable	(341,350)	(208,034)
015	- Prepaid Expenses	(7,959)	10,884
014	- Accounts Payable & Accrued Expenses	418,242	3,297,287
015	- Current Maturities		
016	Other (Specify)	<u> </u>	<u> </u>
		<u>(484,647)</u>	<u>(682,882)</u>
61	<u>Financing Activities</u>		
011	Proceeds from Bank Loans	74,330	--
012	Grants - Capital		
013	Other Capital Revenues		
014	Changes in Long-Term Debt		
015	Other (Specify)	<u> </u>	<u> </u>
		<u>74,330</u>	<u>--</u>
62	<u>Investing Activities</u>		
011	Proceeds in Sale of Capital Assets	30,250	--
012	Additions to Property and Equipment	(74,330)	(9,538)
013	Other (Specify)	<u> </u>	<u> </u>
		<u>(44,080)</u>	<u>(9,538)</u>
63	Increase (decrease) in Cash	<u>(454,397)</u>	<u>(692,420)</u>
64	Cash, Beginning of the Year	<u>(68,578)</u>	<u>623,842</u>
65	Cash, End of the Year	<u>\$ (522,975)</u>	<u>\$ (68,578)</u>
	Cash, End of Year, consists of:		
	Cash	8,967	10,059
	Bank indebtedness	<u>(531,942)</u>	<u>(78,637)</u>
		<u>\$ (522,975)</u>	<u>(68,578)</u>

See Accompanying Notes

SCHOOL DISTRICT #2

(Name of School Board)

Statement of Changes in Capital Fund

Year Ended June 30, 1999

		1999	1998
70	Capital Receipts		
71	Proceeds from Bank Loans		
011	- School Construction	\$	\$
012	- Equipment		
013	- Service Vehicles		
014	- Pupil Transportation	74,330	--
015	- Other (Specify)		
		<u>74,330</u>	<u>--</u>
72	DEC Grants		
011	School Construction and Equipment		
012	Other (Specify)		
73	Donations		
011	- Cash Receipts		
012	- Non-Cash Receipts		
013	- Restricted Use		
74	Sale of Capital Assets - Proceeds		
011	- Land		
012	- Buildings	30,250	--
013	- Equipment		
014	- Service Vehicles		
015	- Pupil Transportation Vehicles		
016	- Other (Specify)		
		<u>30,250</u>	<u>--</u>
75	Other Capital Revenues		
011	- Interest on Capital Fund Investments		
012	- Premiums on Debentures		
013	- Recoveries of Expenditures		
015	- Insurance Proceeds		
016	- Native Peoples Grants		
017	- Miscellaneous (Specify)		
	Total Capital Receipts	<u>104,580</u>	<u>--</u>
77	Transfer from Reserve Account		
78	Transfer to/from Current Fund	<u>(30,250)</u>	<u>9,658</u>
Total		<u>\$ 74,330</u>	<u>\$ 9,658</u>

See Accompanying Notes

SCHOOL DISTRICT #2

(Name of School Board)

Statement of Changes in Capital Fund (Cont'd)

Year Ended June 30, 1999

		19 <u>99</u>	19 <u>98</u>
80	<u>Capital Disbursements</u>		
81	Additions to Property & Equipment	\$	\$
011	- Land and Sites	--	2,186
012	- Buildings	--	7,352
013	- Furniture & Equipment - School		
014	- Furniture & Equipment - Other		
015	- Service Vehicles		
016	- Pupil Transportation	74,330	--
017	- Other (Specify)		
		<u>74,330</u>	<u>9,538</u>
82	Principal Repayment of Long Term Debt		
011	- School Construction		
012	- Equipment		
013	- Service Vehicles		
014	- Other (Specify)		
		<u>--</u>	<u>--</u>
83	Miscellaneous Disbursements		
013	- Other (Specify) - see below	--	120
		<u>--</u>	<u>120</u>
	Total Capital Disbursements	<u>\$ 74,330</u>	<u>\$ 9,658</u>
	See Accompanying Notes		
	Miscellaneous disbursements:		
	Increase in cash	\$ --	120

Notes To The Financial Statements

Year Ended June 30, 1999

1. Significant Accounting Policies:

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Boards to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting, is as follows:

- (a) Grants received by the Board are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the Denominational Education Council are recorded as capital revenues.
- (b) Fixed asset additions are recorded at full cost in the capital fund.
- (c) The Board does not calculate or record depreciation on any of its fixed assets.
- (d) Principal Repayment of Pupil Transportation Loans are recorded as Current Expenditures. All other principal repayment of bank loans are recorded as Capital Expenditures.

Notes to The Financial Statements

Year Ended June 30, 1999

1999

1998

2. Accounts ReceivableCurrent

11	131	Provincial Government	\$	508,879	\$	151,640
	132	Transportation		67,675		29,749
	133	Federal Government - GST		65,774		113,035
	136	Other School Boards				
	137	Rent				
	138	Interest		192		94
	139	Travel Advances and Misc.		32,676		39,328

Capital

11	231	DEC - Construction Grants				
	233	Local Contributions				
	234	Other School Boards				
	235	Other (Specify)				
			\$	675,196	\$	333,846

3. Bank Indebtedness

21	131	On Operating Credit	\$	531,942	\$	78,637
	132	On Capital Account				
			\$	531,942	\$	78,637

SCHOOL DISTRICT #2
(Name of School Board)

Notes To The Financial Statements

Year Ended June 30, 1999

		1999	1998
4.	<u>Accounts Payable and Accrued</u>		
	<u>Current</u>		
21 111	Trade Payable	\$ 152,262	\$ 131,127
112	Accrued - Liabilities	4,700	4,500
113	- Interest	433	--
114	- Wages		
115	Payroll Deductions		
116	Retail Sales Tax		
117	Deferred Grants	60,471	42,961
118	Other (Specify) - Severance Pay		
	Teachers	3,693,689	3,323,880
	Support Staff	329,760	320,605
	<u>Capital</u>		
21 211	Trade Payable		
212	Accrued - Liabilities		
213	- Interest		
217	Deferred Grants		
218	Other (Specify)		
		<u>\$ 4,241,315</u>	<u>\$ 3,823,073</u>

In accordance with a directive from the Department of Education, teachers' severance in the amount of \$3,693,689 has been accrued in the accounts.

Notes To The Financial Statements

Year Ended June 30, 1999

5. Reserve Account

Description:

NIL

	<u>1999</u>	<u>1998</u>
Balance, Beginning of Year	\$ NIL	\$ NIL
Less Transfer from Reserve	<u> </u>	<u> </u>
 Add Transfer to Reserve	 <u> </u>	 <u> </u>
Balance, End of Year	<u><u>\$ NIL</u></u>	<u><u>\$ NIL</u></u>

SCHOOL DISTRICT #2
(Name of School Board)

Notes To The Financial Statements

Year Ended June 30, 1999

	1999	1998
6. Investment in Capital Assets, beginning of year	\$37,631,700	\$37,622,043
Transfer of Operating Funds to Capital Fund	--	9,657
Grants - DEC - Contribution for Capital Const.		
- Other (Specify)		
Donations - (Specify)		
Proceeds from Sale of Capital Assets - Land		
- Buildings	30,250	--
- Equipment		
- Vehicles		
- Other		
Interest on Capital Fund Investments		
Recoveries of Expenditures		
Insurance Proceeds - Capital		
Native Peoples Grants - Capital		
Miscellaneous (Specify)		
	<u>37,661,950</u>	<u>37,631,700</u>
Deduct Adjustments:		
Cost of assets sold - Land	(10,012)	--
- Buildings	(111,438)	--
- Equipment		
- Vehicles		
- Other		
	<u>(121,450)</u>	<u>--</u>
Other - Transfer of Capital Funds to Operating Fund	<u>(30,250)</u>	<u>--</u>
23 221 Investment in Capital Assets, end of year	<u>\$37,510,250</u>	<u>\$37,631,700</u>

Notes To The Financial Statements

Year Ended June 30, 1999

7. Commitments:

At balance sheet date the Board had the following commitments:

None

8. Other (Please Specify)

None

SCHOOL DISTRICT #2
 (Name of School Board)

Current Revenues

Year Ended June 30, 1999

	19 <u>99</u>	19 <u>98</u>
<u>Current Revenues</u>		
32 010 Provincial Government Grants		
011 Regular Operating Grants	\$3,809,653	\$3,812,200
016 Special Grants (Details on bottom of Schedule 1)	787,013	450,513
Salaries and Benefits		
017 - Superintendent and Asst. Supts.	231,841	271,800
021 - Regular Teachers	16,947,867	14,086,553
022 - Substitute Teachers	365,820	353,517
030 Pupil Transportation		
031 - Board Owned	449,400	399,139
032 - Contracted	705,627	735,357
033 - Handicapped	<u>122,758</u>	<u>131,957</u>
	<u>23,419,979</u>	<u>20,241,036</u>
33 010 Donations		
012 Cash Receipts		
013 Non Cash Receipts		
014 Restricted Use	<u>136,318</u>	<u>37,730</u>
	<u>136,318</u>	<u>37,730</u>

34	010 Ancillary Services		
	011 Revenues from Rental of Residences	5,070	5,070
	021 Revenues from Rental of Schools and Facilities (Net)	10,008	12,189
	031 Cafeterias		
	032 Other (Specify)		
		<u>15,078</u>	<u>17,259</u>
35	010 Miscellaneous		
	011 Interest on Investments	6,979	12,350
	012 Bus Charters	4,120	3,478
	021 Recoveries of Expenditures	4,066	709
	031 Revenues from Other School Boards Federal Rebates - GST	148,358	136,579
	051 Insurance Proceeds		
	061 Bilingual Education Revenue	15,123	22,809
	071 Operating Rev. from Native Peoples Grant		
	081 Miscellaneous Federal Grants	40,452	113,748
	091 Textbooks	43,738	51,097
	092 Sundry	<u>6,264</u>	<u>6,380</u>
		<u>269,100</u>	<u>347,150</u>
	Total Current Revenues	<u>\$23,840,475</u>	<u>20,643,175</u>

Special Grants

Education Investment Council		
Air Quality Work	509,000	30,243
Summer repairs and maintenance	199,625	--
Additional repairs and maintenance	29,470	--
Early Literacy Initiatives	20,000	--
Workforce reduction	24,804	--
8% discount - textbooks	4,114	--
Computers for Schools	--	97,400
Computer System Upgrade	--	24,900
Curriculum Software Support	--	1,724
Student Assistants	--	93,637
Substitutes Surplus	--	27,811
Additional Costs - Court Ruling	--	59,596
School Board Election Grant	--	36,186
Redundancy/Severance	--	42,775
Retroactive Wages/Pay Equity	--	25,847
8% Administration Grant	--	4,588
Open Webb Steel Joist Project	--	<u>5,806</u>
	<u>\$ 787,013</u>	<u>450,513</u>

SCHOOL DISTRICT #2

(Name of School Board)

Administration Expenditures

Year Ended June 30, 1999

	1999	1998
51 Salaries and Benefits		
011 - Superintendents and Assistant Superintendents	\$ 237,400	\$ 282,921
012 - Board Office Personnel	267,321	212,186
013 Office Supplies	12,264	13,265
014 Replacement Furniture and Equipment	18,037	5,413
015 Postage	13,701	14,950
016 Telephone	32,426	31,990
017 Office Equipment Rentals and Repairs	5,606	7,792
018 Bank Charges	23,354	3,501
019 Electricity	16,240	17,843
021 Fuel		
022 Insurance		
023 Repairs and Maintenance (Office Building)		
024 Travel	75,997	79,594
025 Board Meeting Expenses	75,012	71,762
026 Election Expenses	--	26,186
027 Professional Fees	6,669	35,322
028 Advertising	56,463	29,090
029 Membership Dues	16,010	15,570
031 Municipal Service Fees		
032 Rental of Office Space		
033 Relocation Expenses		
034 Miscellaneous		
035 Payroll Tax	4,859	4,640
Total Administration Expenditures	<u>\$ 861,359</u>	<u>\$ 852,025</u>

SCHOOL DISTRICT #2

(Name of School Board)

Instruction Expenditures

Year Ended June 30, 1999

		1999	1998
52	010 Instructional Salaries (Gross)	\$	\$
	011 Teachers' Salaries - Regular	17,009,886	14,162,391
	012 - Substitute	365,820	354,624
	013 - Board Paid		
	014 ~~Augmentation~~ Teachers' Severance	369,809	3,323,880
	015 Employee Benefits		
	016 School Secretaries - Salaries & Benefits	249,205	269,030
	017 Payroll Tax	4,454	5,027
	018 Other (Specify) - Student Assistants	--	99,697
		<u>17,999,174</u>	<u>18,214,649</u>
52	040 Instructional Materials		
	041 General Supplies	473,023	309,426
	042 Library Resource Materials		
	043 Teaching Aids		
	044 Textbooks	<u>49,083</u>	<u>72,882</u>
		<u>522,106</u>	<u>382,308</u>
52	060 Instructional Furniture and Equipment		
	061 Replacement	52,685	475,774
	062 Rentals and Repairs	--	5,333
		<u>52,685</u>	<u>481,107</u>
50	080 Instructional Staff Travel		
	081 Program Co-ordinators	70,290	76,653
	082 Teachers' Travel	48,657	46,843
	083 Inservice and Conferences	<u>96,680</u>	<u>82,445</u>
		<u>215,627</u>	<u>205,941</u>
52	090 Other Instructional Costs		
	091 Postage and Stationery	68,153	107,749
	092 Miscellaneous - French Monitor	13,057	23,360
	- Computer Support Specialist	<u>40,946</u>	<u>33,396</u>
		<u>122,156</u>	<u>164,505</u>
	Total Instruction Expenditures	<u>\$18,911,748</u>	<u>\$19,448,510</u>

SCHOOL DISTRICT #2
(Name of School Board)

Operations and Maintenance Expenditures - Schools

Year Ended June 30, 1999

	<u>1999</u>	<u>1998</u>
53 011 Salaries and Benefits - Janitorial	\$1,072,228	\$1,122,758
012 - Maintenance	446,835	307,013
013 Payroll Tax	27,176	22,890
014 Electricity	328,267	332,761
015 Fuel	280,472	354,919
016 Municipal Service Fee	36,204	27,675
017 Telephone	123,075	117,285
018 Vehicle Operating and Travel	48,800	47,560
019 Janitorial Supplies	54,176	59,102
021 Janitorial Equipment	4,792	3,214
022 Repairs and Maintenance - Buildings	823,302	350,612
023 - Equipment		
024 Contracted Services - Janitorial		
025 Snow Clearing	62,107	61,520
026 Rentals	776	14,415
027 Other (Specify)		
Total Operations and Maintenance	<u><u>\$ 3,308,218</u></u>	<u><u>\$2,821,724</u></u>

Year Ended June 30, 1999

-873-

SCHOOL DISTRICT #2
(Name of School Board)

Ancillary Services and Miscellaneous Expenses

Year Ended June 30, 1999

Schedule 6

Ancillary Services

The Board owns and operates the following ancillary services:

		19 <u>99</u>	19 <u>98</u>
55	Ancillary Services		
011	Operation of Teachers' Residences	\$	\$
031	Cafeterias		
032	Other (Specify)		
		<u>\$ NIL</u>	<u>\$ NIL</u>

Schedule 7

Miscellaneous Expenses (Specify)

The Board has incurred the following miscellaneous expenses:

		19 <u>99</u>	19 <u>98</u>
57 011	Miscellaneous Expenses (Specify)	\$	\$
		<u>NIL</u>	<u>NIL</u>

(Name of School Board)

Details of Property and Equipment

Year Ended June 30, 1999

	Balance June 30, 1998	Additions	Disposals	Balance June 30, 1999
12 210 Land and Sites				
211 Land and Sites	\$ 644,722	\$ _____	\$ 10,012	\$ 634,710
12 220 Buildings				
221 Schools	34,382,389		111,438	34,270,951
222 Administration	47,803			47,803
223 Residential	21,289			21,289
224 Recreational				
225 Other (Specify)	_____	_____	_____	_____
	<u>34,451,481</u>	_____	<u>111,438</u>	<u>34,340,043</u>
12 230 Furniture and Equip.				
231 Schools	2,102,344			2,102,344
232 Administration	90,213			90,213
233 Residential				
234 Recreation				
235 Other (Specify)	_____	_____	_____	_____
	<u>2,192,557</u>	_____	_____	<u>2,192,557</u>
12 240 Vehicles				
241 Service Vehicles	<u>20,354</u>	_____	_____	<u>20,354</u>
12 250 Pupil Transportation				
251 Land				
252 Building				
253 Vehicles - Buses	322,586	74,330		396,916
254 - Service				
255 Equipment				
256 Other (Specify)	_____	_____	_____	_____
	<u>322,586</u>	<u>74,330</u>	_____	<u>396,916</u>
12 260 Misc. Capital Assets				
261 Other (Specify)	_____	_____	_____	_____
Total Property and Equipment	<u>\$37,631,700</u>	<u>74,330</u>	<u>121,450</u>	<u>37,584,580</u>

SCHOOL DISTRICT #2

(Name of School Board)

Details of Long Term Debt

Year Ended June 30, 1999

Bank loans, mortgage and debentures,
approved by the Board and the Government
of Newfoundland and Labrador

		19 <u>99</u>	19 <u>98</u>
22	210 Loans Other than Pupil Transportation		
	<u>Ref. #</u>		
211	Bank Loans		
	Repayable \$ _____ monthly, maturing _____	\$ _____	\$ _____
	Repayable \$ _____ monthly, maturing _____		
	Repayable \$ _____ monthly, maturing _____		
	Repayable \$ _____ monthly, maturing _____		
	Repayable \$ _____ monthly, maturing _____		
	Repayable \$ _____ monthly, maturing _____		
	Total 211	<u>NIL</u>	<u>NIL</u>
212	Mortgages		
	Repayable \$ _____ monthly, maturing _____		
	Repayable \$ _____ monthly, maturing _____		
	Repayable \$ _____ monthly, maturing _____		
	Repayable \$ _____ monthly, maturing _____		
	Repayable \$ _____ monthly, maturing _____		
	Repayable \$ _____ monthly, maturing _____		
	Total 212	<u>NIL</u>	<u>NIL</u>
213	Debentures		
	Repayable \$ _____ monthly, maturing _____		
	Repayable \$ _____ monthly, maturing _____		
	Total 213	<u>NIL</u>	<u>NIL</u>
214	Other (Please Specify)		
	Subtotal	<u>NIL</u>	<u>NIL</u>
215	Less Current Maturities		
	Total Loans Other Than Pupil Transportation	<u>NIL</u>	<u>NIL</u>

SCHOOL DISTRICT #2

(Name of School Board)

Details of Long Term Debt

Year Ended June 30, 1999

22 220 Loans - Pupil Transportation

	19 <u>99</u>	19 <u>98</u>
<u>Ref. #</u>		
221 Vehicle Bank Loans		
Prime Repayable \$ <u>516</u> monthly, maturing <u>2011</u>	\$ 74,330	\$ --
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Total 221	<u>74,330</u>	<u>NIL</u>
222 Land, Buildings and Equipment Bank Loans		
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Total 222	<u>NIL</u>	<u>NIL</u>
Subtotal	<u>74,330</u>	<u>nil</u>
223 Less Current Maturities	<u>6,194</u>	<u>NIL</u>
Total Loans - Pupil Transportation	<u>68,136</u>	<u>NIL</u>
Total Long Term Debt	<u>\$ 68,136</u>	<u>\$ NIL</u>

SCHOOL DISTRICT #2

(Name of School Board)

Summary of Long Term Debt

Year Ended June 30, 1999

<u>Description</u>	<u>Ref. #</u>	<u>Rate</u>	<u>Baiance</u> <u>Beginning</u> <u>of</u> <u>Year</u>	<u>Loans</u> <u>Obtained</u> <u>During</u> <u>Year</u>	<u>Principal</u> <u>Repayment</u> <u>for</u> <u>Year</u>	<u>Balance</u> <u>End of</u> <u>Year</u>
A) School Construction						
B) Equipment						
C) Service Vehicles						
D) Other						
E) Pupil Transportation			--	74,330	--	74,330
Total Loans			<u>\$ --</u>	<u>\$ 74,330</u>	<u>\$ --</u>	<u>\$ 74,330</u>

SCHOOL DISTRICT #2

(Name of School Board)

Schedule of Current Maturities

Year Ended June 30, 1999

<u>Description</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
A) School Construction	\$	\$	\$	\$	\$
B) Equipment					
C) Service Vehicles					
D) Other					
E) Pupil Transportation	6,194	6,194	6,194	6,194	6,194
	_____	_____	_____	_____	_____
Total	<u>\$ 6,194</u>	<u>\$ 6,194</u>	<u>\$ 6,194</u>	<u>\$ 6,194</u>	<u>\$ 6,194</u>

SCHOOL DISTRICT #2

(Name of School Board)

56 010

Schedule of Interest Expense

Year Ended June 30, 1999

		19 <u>99</u>	19 <u>98</u>
	<u>Description</u>		
012	Capital	\$	\$
	School Construction	--	--
	Equipment	--	--
	Service Vehicles	--	--
	Other (Specify)	--	--
	Total Capital	\$ --	\$ --
013	Current - Operating Loans	--	--
014	- Supplier Interest Charges	--	--
	Total Current	\$ --	\$ --
	Total Interest Expense	\$ --	\$ --

SCHOOL DISTRICT #2

(Name of School Board)

Supplementary Information

Year Ended June 30, 1999

		19 <u>99</u>	19 <u>98</u>
1.	<u>Cash</u>		
	<u>Current</u>		
11	110 Cash on Hand and in Bank		
	111 Cash on Hand	\$ 1,323	\$ 534
	112 Bank - Current		
	113 - Savings		
	114 - Teachers' Payroll	7,644	9,525
	115 - Non Teachers' Payroll		
	116 - Coupon (Debenture)		
	117 - Other (Specify)		
	<u>Capital</u>		
11	210 Cash on Hand and in Bank		
	211 Cash on Hand		
	212 Bank - Current		
	213 - Savings		
	214 - Other (Specify)		
	Total Cash on Hand & in Bank	\$ 8,967	\$ 10,059
2.	<u>Short Term Investments</u>		
	<u>Current</u>		
11	121 Term Deposits	\$ 5,173	\$ 5,173
	122 Canada Savings Bonds		
	123 Other (Specify)		
	<u>Capital</u>		
11	221 Term Deposits		
	222 Canada Savings Bonds		
	223 Other (Specify)		
	Total Short Term Investments	\$ 5,173	\$ 5,173

SCHOOL DISTRICT #2

(Name of School Board)

Supplementary Information

Year Ended June 30, 1999

		19 <u>99</u>	19 <u>98</u>
3.	<u>Prepaid Expenses</u>		
	<u>Current</u>	\$	\$
11	141 Insurance	655	557
	142 Municipal Service Fees		
	143 Supplies	8,490	7,920
	144 Other (Specify) - Travel	11,791	4,500
	<u>Capital</u>		
11	241 Other (Specify)		
		<u>\$ 20,936</u>	<u>\$ 12,977</u>

OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND

FINANCIAL STATEMENTS

31 MARCH 1999



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the High Sheriff of Newfoundland
St. John's, Newfoundland

I have audited the balance sheet of the Office of the High Sheriff of Newfoundland as at 31 March 1999 and the statement of receipts and disbursements for the year then ended. These financial statements are the responsibility of the High Sheriff. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Office of the High Sheriff of Newfoundland as at 31 March 1999 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
12 January 2000

OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND

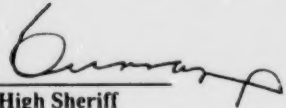
BALANCE SHEET

31 MARCH 1999

	Trust Fund (Note 2)	Revenue Fund (Note 3)	Trial and Jury Fund (Note 4)	1999	1998
ASSETS					
Cash	\$ 96,220	\$ 8,651	\$ 5,250	\$110,121	\$259,980
Accounts receivable	920	91,433	18,072	110,425	137,459
Inventory held in trust	<u>143,345</u>	<u>-</u>	<u>-</u>	<u>143,345</u>	<u>12,698</u>
	<u>\$240,485</u>	<u>\$100,084</u>	<u>\$23,322</u>	<u>\$363,891</u>	<u>\$410,137</u>
LIABILITIES					
Trust account, court orders	\$222,887	\$ -	\$ -	\$222,887	\$290,916
Due to Consolidated Revenue Fund	17,598	100,084	-	117,682	96,649
Trial and jury account, accountable advance	-	-	20,000	20,000	20,000
Accounts payable	-	-	2,572	2,572	2,572
Civil jury trial deposits	<u>-</u>	<u>-</u>	<u>750</u>	<u>750</u>	<u>-</u>
	<u>\$240,485</u>	<u>\$100,084</u>	<u>\$23,322</u>	<u>\$363,891</u>	<u>\$410,137</u>

See accompanying notes

Signed on behalf of the Office:


High Sheriff

OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND

STATEMENT OF RECEIPTS AND DISBURSEMENTS

FOR THE YEAR ENDED 31 MARCH 1999

	Trust Fund (Note 2)	Revenue Fund (Note 3)	Trial and Jury Fund (Note 4)	1999	1998
RECEIPTS					
Court orders	\$2,350,435	\$ -	\$ -	\$2,350,435	\$2,052,283
Service fees	-	1,290,605	-	1,290,605	1,090,556
Registration fees, court orders	-	246,900	-	246,900	187,113
Interest	-	11,421	-	11,421	6,177
Replenishment of trial and jury bank account	-	-	48,138	48,138	44,314
Civil jury trials	-	-	4,750	4,750	-
	<u>\$2,350,435</u>	<u>\$1,548,926</u>	<u>\$52,888</u>	<u>\$3,952,249</u>	<u>\$3,380,443</u>
DISBURSEMENTS					
Court orders	\$2,350,435	\$ -	\$ -	\$2,350,435	\$2,052,283
Payments to Consolidated Revenue Fund	-	1,548,926	-	1,548,926	1,283,846
Trial and jury expenses	-	-	48,138	48,138	44,314
Civil jury trials	-	-	4,750	4,750	-
	<u>\$2,350,435</u>	<u>\$1,548,926</u>	<u>\$ 52,888</u>	<u>\$3,952,249</u>	<u>\$3,380,443</u>

See accompanying notes

OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

Authority

The Office of the High Sheriff of Newfoundland (the Office) operates under the authority of the *Judgment Enforcement Act* and Regulations, implemented 1 June 1997, and the *Sheriff's Act*. The Office is the enforcement arm of the Supreme Court of Newfoundland and the Provincial Courts (the Courts), and has the responsibility of enforcing all monetary judgements issued by the Courts. This includes the attachment and seizure of real and personal property. The Office is also responsible for the service of court documents, the administration of the Jury System and for Court Security.

1. Significant accounting policies

These financial statements have been prepared by the Office of the High Sheriff of Newfoundland in accordance with generally accepted accounting principles. Outlined below is the significant accounting policy followed.

Inventory held in trust

This account consists of items seized as a result of court orders. These items are recorded at either appraised value or, if subsequently sold, amounts realized through the subsequent sale. Items which have subsequently been released to the defendant for nil proceeds are recorded at appraised value.

2. Trust Fund

A trust bank account has been established to accommodate the receipt of funds collected from defendants and the payment of these funds to plaintiffs.

3. Revenue Fund

A revenue bank account has been established to accommodate the receipt of revenues collected for various services provided by the Office and the payment of these revenues to the Consolidated Revenue Fund.

4. Trial and Jury Fund

The Office of the High Sheriff of Newfoundland is responsible for jury administration in the Province and maintains a recurring accountable advance of \$20,000 to pay expenses associated with this duty. This advance is replenished as required throughout the year by claims submitted to the Department of Justice.

OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1999

5. Related party transactions

(a) Consolidated Revenue Fund

Fees for searches, registration of court orders and service of documents are collected and paid into the Consolidated Revenue Fund.

(b) Administration expenditures

For administrative purposes the Office of the High Sheriff of Newfoundland operates as a division of the Department of Justice. Expenses related to salaries, accommodations and administration are paid directly by the Department and no provision is made in these financial statements for those expenditures.

6. Income taxes

The Office of the High Sheriff of Newfoundland is a division of the Department of Justice and as such is not subject to Provincial or Federal income taxes.

7. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND

FINANCIAL STATEMENTS

31 MARCH 2000



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the High Sheriff of Newfoundland
St. John's, Newfoundland

I have audited the balance sheet of the Office of the High Sheriff of Newfoundland as at 31 March 2000 and the statement of receipts and disbursements for the year then ended. These financial statements are the responsibility of the High Sheriff. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Office of the High Sheriff of Newfoundland as at 31 March 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Elizabeth Marshall

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
19 May 2000

OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND

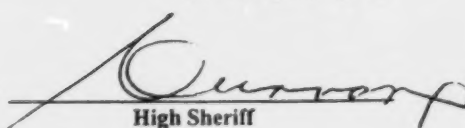
BALANCE SHEET

31 MARCH 2000

	Trust Fund (Note 2)	Revenue Fund (Note 3)	Trial and Jury Fund (Note 4)	2000	1999
ASSETS					
Cash	\$ 49,158	\$ 3,845	\$ 7,848	\$ 60,851	\$110,121
Accounts receivable	6	91,407	12,152	103,565	110,425
Inventory held in trust (Note 5)	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
	<u>\$ 49,165</u>	<u>\$ 95,252</u>	<u>\$20,000</u>	<u>\$164,417</u>	<u>\$220,547</u>
LIABILITIES					
Trust account, court orders (Note 5)	\$ 49,165	\$ -	\$ -	\$ 49,165	\$ 79,543
Due to Consolidated Revenue Fund	-	95,252	-	95,252	117,682
Trial and jury account, accountable advance	-	-	20,000	20,000	20,000
Accounts payable	-	-	-	-	2,572
Civil jury trial deposits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>750</u>
	<u>\$ 49,165</u>	<u>\$95,252</u>	<u>\$20,000</u>	<u>\$164,417</u>	<u>\$220,547</u>

See accompanying notes

Signed on behalf of the Office:


High Sheriff

OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND

STATEMENT OF RECEIPTS AND DISBURSEMENTS

FOR THE YEAR ENDED 31 MARCH 2000

	Trust Fund (Note 2)	Revenue Fund (Note 3)	Trial and Jury Fund (Note 4)	2000	1999
RECEIPTS					
Court orders	\$2,671,002	\$ -	\$ -	\$2,671,002	\$2,350,435
Service fees	-	1,318,920	-	1,318,920	1,290,605
Registration fees, court orders	-	251,784	-	251,784	246,900
Interest	-	9,069	-	9,069	11,421
Replenishment of trial and jury bank account	-	-	49,162	49,162	48,138
Civil jury trials	-	-	1,500	1,500	4,750
	<u>\$2,671,002</u>	<u>\$1,579,773</u>	<u>\$50,662</u>	<u>\$4,301,437</u>	<u>\$3,952,249</u>
DISBURSEMENTS					
Court orders	\$2,671,002	\$ -	\$ -	\$2,671,002	2,350,435
Consolidated Revenue Fund	-	1,579,773	-	1,579,773	1,548,926
Trial and jury expenses	-	-	49,162	49,162	48,138
Civil jury trials	-	-	1,500	1,500	4,750
	<u>\$2,671,002</u>	<u>\$1,579,773</u>	<u>\$ 50,662</u>	<u>\$4,301,437</u>	<u>\$3,952,249</u>

See accompanying notes

OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

Authority

The Office of the High Sheriff of Newfoundland (the Office) operates under the authority of the *Judgment Enforcement Act* and Regulations, implemented 1 June 1997, and the *Sheriff's Act*. The Office is the enforcement arm of the Supreme Court of Newfoundland and the Provincial Courts (the Courts), and has the responsibility of enforcing all monetary judgements issued by the Courts. This includes the attachment and seizure of real and personal property. The Office is also responsible for the service of court documents, the administration of the Jury System and Court Security.

1. Significant accounting policies

These financial statements have been prepared by the Office of the High Sheriff of Newfoundland in accordance with generally accepted accounting principles. Outlined below is the significant accounting policy followed.

Inventory held in trust

Inventory is recorded in these financial statements at an aggregate nominal value of \$1 as valuation of these assets is not readily determinable. These assets are recorded in the records of the Office of the High Sheriff of Newfoundland at estimated market value for administrative purposes.

2. Trust Fund

A trust bank account has been established to accommodate the receipt of funds collected from defendants and the payment of these funds to plaintiffs.

3. Revenue Fund

A revenue bank account has been established to accommodate the receipt of revenues collected for various services provided by the Office and the payment of these revenues to the Consolidated Revenue Fund.

4. Trial and Jury Fund

The Office of the High Sheriff of Newfoundland is responsible for jury administration in the Province and maintains a recurring accountable advance of \$20,000 to pay expenses associated with this duty. This advance is replenished as required throughout the year by claims submitted to the Department of Justice.

OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

5. Change in accounting policy

During the year the Office of the High Sheriff of Newfoundland changed the method of valuing inventory held in trust. These assets, previously valued at either appraised value or, if subsequently sold, amounts realized through the subsequent sale, are now valued at an aggregate nominal value of \$1. This change in valuation has been applied on a retroactive basis. The effect of this change in accounting policy is the reduction of both the Trust Fund asset and liabilities balance at 31 March 1999 of \$143,344 respectively representing the inventory held in trust on that date.

6. Restatement of beginning Trust Fund Assets and Liabilities

	<u>2000</u>
Total assets, beginning of year as previously reported	\$ 363,891
Change in accounting policy for valuation of inventory held in trust (Note 5)	<u>(143,344)</u>
Total assets, beginning of year as restated	<u>\$ 220,547</u>
Total liabilities, beginning of year as previously reported	\$ 363,891
Change in accounting policy for valuation of inventory held in trust (Note 5)	<u>(143,344)</u>
Total liabilities, beginning of year as restated	<u>\$ 220,547</u>

7. Related party transactions

(a) Consolidated Revenue Fund

Fees for searches, registration of court orders and service of documents are collected and paid into the Consolidated Revenue Fund.

(b) Administration expenditures

For administrative purposes the Office of the High Sheriff of Newfoundland operates as a division of the Department of Justice. Expenses related to salaries, accommodations and administration are paid directly by the Department and no provision is made in these financial statements for those expenditures.

8. Income taxes

The Office of the High Sheriff of Newfoundland is a division of the Department of Justice and as such is not subject to Provincial or Federal income taxes.

Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member Firm of
Grant Thornton International

Grant Thornton 

**Peninsulas Health
Care Corporation
Consolidated Financial
Statements**
March 31, 2000

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Auditors' Report

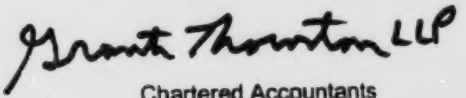
To the Directors of the
Peninsulas Health Care Corporation

We have audited the consolidated statement of financial position of the Peninsulas Health Care Corporation as at March 31, 2000, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

St. John's, Newfoundland
August 14, 2000


Chartered Accountants

Peninsulas Health Care Corporation
Consolidated Statement of Operations

Year Ended March 31

2000

1999

Revenue

Provincial plan - department's approved
operating budget

\$ 39,723,135 **\$ 37,282,322**

MCP physician revenue

6,493,361 5,584,636

Resident revenue - long term care

1,971,877 2,084,193

Outpatient

273,650 269,687

Inpatient

206,915 152,530

Mortgage interest subsidies

75,679 111,661

Other (Note 9)

812,344 720,484

49,556,961 **46,205,513**

Expenditure

Nursing inpatient services

16,135,767 13,922,854

Support services

11,824,238 10,564,928

Medical services

8,602,213 7,658,141

Diagnostic and therapeutic services

7,623,224 6,876,324

Administration

4,897,174 4,486,494

Ambulatory care services

3,267,981 2,812,153

Education

349,654 276,798

Other

680,696 632,391

Capital expenditure out of revenue

623,893

54,004,840 **47,230,083**

Deficit prior to non-shareable items

(4,447,879) **(1,024,570)**

Adjustment for non-shareable items

Amortization of deferred capital equipment grants

1,625,693 1,612,055

Depreciation

(1,625,693) (1,612,055)

Accrued severance expense - increase

(590,432) (544,349)

Accrued vacation expense - increase

(290,501) (264,290)

Board operations - net

92,747 (135,419)

(788,186) **(944,058)**

Excess of expenditure over revenue

\$(5,236,065) **\$(1,968,628)**

See accompanying notes to the consolidated financial statements.

Peninsulas Health Care Corporation
Consolidated Statement of Changes in Net Assets
Year Ended March 31, 2000

	<u>Deficit</u>	<u>Invested in Capital Assets</u>	<u>Board Fund</u>	<u>Total 2000</u>	<u>Total 1999</u>
Balance, beginning of year	\$ (6,713,104)	\$ 208,026		\$ (6,505,078)	\$ (8,404,450)
Excess of expenditure over revenue	(5,328,812)		\$ 92,747	(5,236,065)	(1,968,628)
Special funding from Department of Health and Community Services for prior years' deficit					3,868,000
Contribution to capital expenditure out of revenue		623,893		623,893	
Transfer from (to) operating fund	<u>92,747</u>		<u>(92,747)</u>		
Balance, end of year	<u>\$(11,949,169)</u>	<u>\$ 831,919</u>	<u>\$ Nil</u>	<u>\$(11,117,250)</u>	<u>\$ (6,505,078)</u>

See accompanying notes to the consolidated financial statements.

Peninsulas Health Care Corporation
Consolidated Statement of Financial Position

March 31

2000

1999

Assets

Current

Receivables (Note 3)	\$ 3,587,436	\$ 9,398,542
Inventories (Note 4)	872,766	800,946
Prepaid expenses	<u>182,835</u>	<u>187,168</u>
	4,643,037	10,386,656

Capital assets (Note 5)	14,743,385	12,678,957
Restricted use funds (Note 6)	<u>217,507</u>	<u>211,966</u>
	<u>\$ 19,603,929</u>	<u>\$ 23,277,579</u>

Liabilities

Current

Bank indebtedness	\$ 3,684,977	\$ 4,615,479
Payables and accruals	5,425,351	4,480,645
Accrued vacation pay	1,867,192	1,576,691
Deferred contribution - capital	1,071,707	1,754,678
Deferred contribution - operating	22,067	565,164
Current portion of long term debt	<u>192,495</u>	<u>192,495</u>
	12,263,789	13,185,152

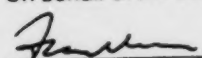
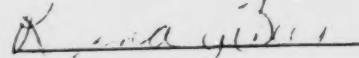
Restricted use funds (Note 6)	217,507	211,966
Long term debt (Note 7)	5,987,954	6,216,444
Accrued severance pay	<u>4,352,642</u>	<u>3,762,211</u>
	22,821,892	23,375,773

Deferred contributions		
Unamortized portion of capital grants (Note 8)	<u>7,899,287</u>	<u>6,406,884</u>
	<u>30,721,179</u>	<u>29,782,657</u>

Net Assets (Deficiency)		
Net assets invested in capital assets	831,919	208,026
Deficit	<u>(11,949,169)</u>	<u>(6,713,104)</u>
	<u>(11,117,250)</u>	<u>(6,505,078)</u>
	<u>\$ 19,603,929</u>	<u>\$ 23,277,579</u>

Commitments and Contingencies (Notes 11 and 12)

On behalf of the Board

 Director  Director

See accompanying notes to the consolidated financial statements.

Peninsulas Health Care Corporation
Consolidated Statement of Cash Flows

Year Ended March 31

2000

1999

Increase (decrease) in cash and cash equivalents

Operating		
Excess of expenditure over revenue	\$(5,236,065)	\$(1,968,628)
Depreciation		
Operating fund	1,625,693	1,612,055
Board fund		10,488
Amortization of deferred capital grants	<u>(1,625,693)</u>	<u>(1,612,055)</u>
	(5,236,065)	(1,958,140)
Change in non-cash operating working capital (Note 10)	<u>6,343,189</u>	<u>(506,349)</u>
	<u>1,107,124</u>	<u>(2,464,489)</u>
Financing		
Deferred capital grants from		
Province of Newfoundland	2,491,507	1,888,772
Other sources	626,589	157,747
Contributions to cover long term debt	228,490	185,662
Repayment of long term debt	(228,490)	(185,662)
Proceeds from capital lease		289,354
Capital expenditure out of revenue	<u>623,893</u>	<u> </u>
	<u>3,741,989</u>	<u>2,335,873</u>
Investing		
Purchase of capital assets	<u>(3,918,611)</u>	<u>(2,175,814)</u>
Net increase (decrease) in cash and cash equivalents	930,502	(2,304,430)
Cash and cash equivalents		
Beginning of year	<u>(4,615,479)</u>	<u>(2,311,049)</u>
End of year	<u>\$(3,684,977)</u>	<u>\$(4,615,479)</u>

See accompanying notes to the consolidated financial statements.

Peninsulas Health Care Corporation

Notes to the Consolidated Financial Statements

March 31, 2000

1. Nature of operations

The Peninsulas Health Care Corporation assumed the assets and liabilities of the Clarenville Area Hospital Board, the Clarenville Area Housing Corporation, the Burin Peninsula Health Care Board, and the Bonavista Peninsula Health Care Board effective January 1, 1996.

These consolidated financial statements reflect on a combined basis, the assets, liabilities, fund balances, revenue and expenditure of the predecessor entities and the Board Fund.

2. Summary of significant accounting policies

Inventories

Inventory of drugs, medical and surgical supplies are valued at cost, determined on the first-in first-out basis.

Capital assets

The Corporation has control over certain land, buildings and equipment, with the title resting with the Province of Newfoundland. These assets are not recorded as capital assets.

Capital grants and donations

Capital grants and donations relating to the acquisition of capital assets are recorded as deferred credits and amortized on the same basis as the related assets are depreciated.

Depreciation

Rates and bases of depreciation applied to write off the cost of property and equipment over their estimated lives are as follows:

Land improvements	10%, straight line
Buildings	10-20 years, straight line
Building service equipment	10%, straight line
Equipment	3-15 years, straight line
Computer hardware	20%, straight line
Computer software	33 1/3%, straight line
Vehicles	25%, declining balance

Pension costs

Employees of the Corporation are covered by the Public Service Pension Plan and the Government Money Purchase Plan administered by the Province of Newfoundland. Contributions to the plans are required from both the employees and the Corporation. The annual contributions for pensions are recognized in the accounts on a current basis.

Peninsulas Health Care Corporation
Notes to the Consolidated Financial Statements
 March 31, 2000

2. Summary of significant accounting policies (cont'd.)

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank overdraft and balances with banks. Bank borrowings are considered to be financing activities.

Severance pay

Severance pay is accounted for on accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continual service, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Corporation.

3. Receivables	<u>2000</u>	<u>1999</u>
Operating		
Provincial plan	\$ 1,004,905	\$ 5,582,933
Insurance plans and individuals	164,935	225,032
Newfoundland Medical Care Commission		700,100
Sundry	<u>433,322</u>	<u>366,201</u>
	<u>1,603,162</u>	<u>6,874,266</u>
Capital		
Provincial plan, equipment	<u>1,700,800</u>	<u>2,393,400</u>
Other		
Cottage Complexes	243,847	99,776
Burin Peninsula Health Care Foundation Inc.	<u>39,627</u>	<u>31,100</u>
	<u>283,474</u>	<u>130,876</u>
	<u>\$ 3,587,436</u>	<u>\$ 9,398,542</u>

4. Inventories	<u>2000</u>	<u>1999</u>
Medical, surgical, and other supplies	\$ 667,162	\$ 611,995
Drugs	<u>205,604</u>	<u>188,951</u>
	<u>\$ 872,766</u>	<u>\$ 800,946</u>

Peninsulas Health Care Corporation
Notes to the Consolidated Financial Statements

March 31, 2000

5. Capital assets			<u>2000</u>	<u>1999</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land and land improvements	\$ 231,442	\$ 48,327	\$ 183,115	\$ 186,228
Buildings	13,814,357	6,711,966	7,102,391	6,987,169
Equipment	21,136,681	13,678,802	7,457,879	5,501,026
Vehicles	151,127	151,127		4,534
	<u>\$ 35,333,607</u>	<u>\$ 20,590,222</u>	<u>\$ 14,743,385</u>	<u>\$ 12,678,957</u>

6. Restricted use funds

The administrators of the nursing homes, on a voluntary basis, administer certain personal funds held in trust for residents. These funds do not form part of the assets of the organization and accordingly a corresponding liability is recorded representing the amount of funds held by the nursing homes.

7. Long term debt	<u>2000</u>	<u>1999</u>
9.5% Royal Bank of Canada mortgage, payable in monthly instalments of \$34,433 including interest. The mortgage is being amortized over 29 years and is secured by land, building and equipment.	\$ 3,899,946	\$ 3,967,077
8% Canada Mortgage and Housing Corporation mortgage, payable in monthly instalments of \$7,777 including interest. The mortgage matures in 2025 and is secured by land, buildings and equipment.	1,027,885	1,039,611
10.5% Canada Mortgage and Housing Corporation mortgage, payable in monthly instalments of \$7,549 including interest. The mortgage matures in 2027 and is secured by land and buildings.	828,656	833,596
Housing mortgages with rates ranging from 6.25% to 8.95% maturing between April 1, 2000 and October 1, 2001.	150,574	171,896
Obligation under capital leases.	<u>273,388</u>	<u>396,759</u>
	6,180,449	6,408,939
	<u>192,495</u>	<u>192,495</u>
Less: current portion	<u>\$ 5,987,954</u>	<u>\$ 6,216,444</u>

Peninsulas Health Care Corporation
Notes to the Consolidated Financial Statements
 March 31, 2000

7. Long term debt (cont'd.)

Principal payments on mortgages required during the next five years are as follows:

2001	\$ 92,700
2002	\$ 101,900
2003	\$ 111,300
2004	\$ 127,500
2005	\$ 107,900

The Corporation leases equipment under capital leases. Future minimum lease payments under the capital leases are as follows:

2001	\$ 137,221
2002	87,712
2003	71,496
2004	<u>11,916</u>
	308,345
Amount representing interest	<u>34,957</u>
	<u>\$ 273,388</u>

To reduce the cost of borrowing, Canada Mortgage and Housing Corporation provides an amount to reduce the effective interest rate on the mortgages. The assistance is subject to regulations and conditions during the amortization of the mortgages.

8. Deferred contributions

Capital grants received by the Corporation are deferred and amortized on the same basis as the depreciation rate for the related asset purchased. The changes in the deferred capital grants balance for the year are as follows:

	<u>2000</u>	<u>1999</u>
Balance, beginning of year	\$ 6,406,884	\$ 5,972,419
Capital grants	3,118,096	2,046,520
Amortization for the year	<u>(1,625,693)</u>	<u>(1,612,055)</u>
Balance, end of year	<u>\$ 7,899,287</u>	<u>\$ 6,406,884</u>

9. Other revenue

	<u>2000</u>	<u>1999</u>
Dietary recoveries	\$ 298,018	\$ 255,178
Wage recovery	269,244	182,299
Medical/surgical supplies and drugs	149,222	166,181
Rent	34,265	51,161
Miscellaneous	<u>61,595</u>	<u>65,665</u>
	<u>\$ 812,344</u>	<u>\$ 720,484</u>

Peninsulas Health Care Corporation
Notes to the Consolidated Financial Statements

March 31, 2000

10. Supplemental cash flow information	2000	1999
Change in non-cash operating working capital		
Receivables	\$ 5,811,106	\$(3,955,739)
Inventories	(71,820)	(31,937)
Prepaid expenses	4,333	(204)
Payables and accruals	944,706	945,582
Vacation pay accrual	290,501	264,290
Accrued severance pay	590,431	544,349
Deferred contribution - capital	(682,971)	1,205,474
Deferred contribution - operating	(543,097)	521,836
	<u>\$ 6,343,189</u>	<u>\$ (506,349)</u>
Interest paid	<u>\$ 423,575</u>	<u>\$ 564,514</u>

11. Commitments

The Corporation is committed to the following lease payments: 2001 - \$309,264; 2002 - \$426,280; 2003 - \$416,592; 2004 - \$145,008; and 2005 - \$13,500.

12. Contingencies

- a) The amounts receivable from the Province of Newfoundland under the insured services plan are subject to final approval and acceptance from the financial services Division of the Department of Health and Community Services.
- b) As of March 31, 2000 there were a number of claims against the Corporation in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Corporation with respect to these claims, but management believes that any claims, if successful, will be covered by liability insurance.

Peninsulas Health Care Corporation
Consolidated Operating Expenditures

For the Year Ended March 31

2000

1999

Nursing inpatient services

Nursing administration	\$ 1,294,317	\$ 817,143
Medical/surgical unit	4,324,386	3,728,954
Intensive care	1,431,028	1,229,946
Obstetrics	1,277,819	1,131,445
Operating room and recovery	1,584,826	1,377,383
Long-term care	<u>6,223,391</u>	<u>5,637,983</u>
	<u>16,135,767</u>	<u>13,922,854</u>

Support services

Housekeeping	1,947,345	1,786,483
Laundry and linen	618,725	602,270
Facilities management	3,410,995	2,991,367
Records and registration	2,327,104	1,978,510
Nutritional services	<u>3,520,069</u>	<u>3,206,298</u>
	<u>11,824,238</u>	<u>10,564,928</u>

Medical services

Medical services	8,187,050	7,294,732
External clinics	<u>415,163</u>	<u>363,409</u>
	<u>8,602,213</u>	<u>7,658,141</u>

Diagnostic and therapeutic services

Laboratory services	3,873,125	3,390,364
Diagnostic imaging	1,406,840	1,258,637
ECG	109,738	52,933
Respiratory therapy	134,319	175,232
Pharmacy	681,276	699,788
Clinical nutrition	186,584	196,500
Physiotherapy	354,587	331,110
Occupational therapy	157,134	87,977
Speech pathology	159,950	137,712
Social work	229,382	201,245
Recreational therapy	<u>330,289</u>	<u>344,826</u>
	<u>7,623,224</u>	<u>6,876,324</u>

Peninsulas Health Care Corporation
Consolidated Operating Expenditures

For the Year Ended March 31

2000

1999

Administration

Administration	\$ 1,472,694	\$ 2,027,269
Communications/public relations	68,707	5,392
Infection control	15,479	26,283
Quality initiatives	73,560	52,875
Financial services	710,313	502,837
Human resources	593,956	444,333
Computer services	709,294	382,569
Materials management	1,206,994	1,044,936
Purchasing	<u>46,177</u>	
	<u>4,897,174</u>	<u>4,486,494</u>

Ambulatory care services

Emergency and outpatients	3,147,336	2,712,168
Diabetic education	<u>120,645</u>	<u>99,985</u>
	<u>3,267,981</u>	<u>2,812,153</u>

Education

Education services	<u>349,654</u>	<u>276,798</u>
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Other	<u>680,696</u>	<u>632,391</u>
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Capital expenditure out of revenue	<u>623,893</u>	
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Total operating expenditures	<u>\$ 54,004,840</u>	<u>\$ 47,230,083</u>
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Peninsulas Health Care Corporation
Operating Fund
Revenue and Expenditure for Government Reporting

For the Year Ended March 31

2000

1999

Revenue

Provincial plan – department's approved operating budget	\$ 39,723,135	\$ 37,282,322
MCP physician revenue	6,493,361	5,584,636
Resident revenue – long term care	1,971,877	2,084,193
Outpatient	273,650	269,687
Inpatient	206,915	152,530
Mortgage interest subsidies	75,679	111,661
Other	812,344	720,484

Total revenue	<u>49,556,961</u>	<u>46,205,513</u>
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Expenditure

Salaries	35,314,995	31,310,044
Employee benefits	6,099,887	5,146,337
Supplies – regular	9,002,045	7,844,519
Supplies – drugs	1,281,129	1,243,890
Supplies – medical and surgical	1,035,467	949,488
Capital expenditure out of revenue	623,893	
Long term debt – interest	419,291	550,144
Long term debt – principal	105,116	81,084
Capital lease – principal	123,017	104,577

Total shareable expenditure	<u>54,004,840</u>	<u>47,230,083</u>
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Deficit from operations	<u>(4,447,879)</u>	<u>(1,024,570)</u>
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Non-shareable items

Amortization of deferred capital equipment grants	1,625,693	1,612,055
Depreciation	(1,625,693)	(1,612,055)
Accrued vacation expense - increase	(590,432)	(264,290)
Accrued severance expense - increase	(290,501)	(544,349)
Board operation - net	92,747	(135,419)
	<u>(788,186)</u>	<u>(944,058)</u>

Deficit inclusive of non-shareable items	<u>\$ (5,236,065)</u>	<u>\$ (1,968,628)</u>
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Peninsulas Health Care Corporation
Accumulated Operating Deficit for Government Reporting
Year Ended March 31

	<u>Consolidated Fund</u>		<u>Operating Fund</u>		<u>Board Fund</u>	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
Current assets						
Cash	\$ 170,953	\$ 17,431			\$170,953	\$ 17,431
Receivables	3,587,436	9,398,542	\$ 3,566,984	\$ 9,397,018	20,452	1,524
Inventory	872,766	800,946	872,766	800,946		
Prepaid expenses	182,835	187,168	182,835	187,168		
Due from board fund			191,405	18,955		
	<u>4,813,990</u>	<u>10,404,087</u>	<u>4,813,990</u>	<u>10,404,087</u>	<u>191,405</u>	<u>18,955</u>
Current liabilities						
Bank indebtedness	3,855,930	4,632,910	3,855,930	4,632,910		
Payables and accruals	5,425,351	4,480,645	5,425,351	4,480,645		
Deferred contributions						
- operating	22,067	565,164	22,067	565,164		
- capital	1,071,707	1,754,678	1,071,707	1,754,678		
Due to operating fund					191,405	18,955
	<u>10,375,055</u>	<u>11,433,397</u>	<u>10,375,055</u>	<u>11,433,397</u>	<u>191,405</u>	<u>18,955</u>
Accumulated operating deficit	<u>\$(5,561,065)</u>	<u>\$(1,029,310)</u>	<u>\$(5,561,065)</u>	<u>\$(1,029,310)</u>	<u>-</u>	<u>-</u>

Peninsulas Health Care Corporation
Capital Fund
Funding and Expenditures for Government Reporting

Year Ended March 31

2000

1999

Sources of funds

Provincial capital equipment grant in current year	\$ 1,809,400	\$ 3,012,900
Add: deferred capital grant from prior year	1,673,332	549,204
Less: deferred capital grant from current year	<u>(991,225)</u>	<u>(1,673,332)</u>
	<u>2,491,507</u>	<u>1,888,772</u>

Other contributions

Cross Memorial Health Foundation		102,500
Burin Peninsula Health Care Foundation		78,828
Proceeds from capital lease		289,354
Other sources	14,583	24,556
Contribution to capital expenditure out of revenue	623,893	
Y2K funding	236,800	
Donations - Auxillaries/Lions	77,118	
Works, Services and Transportation	294,157	
Add: deferred grant from prior year	81,346	
Less: deferred grant for current year	<u>(80,482)</u>	<u>(81,346)</u>
	<u>1,247,415</u>	<u>413,892</u>

Total funding

3,738,922 **2,302,664**

Expenditure

Capital purchases	<u>3,918,611</u>	<u>2,175,814</u>
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(Deficit) surplus on capital purchases

\$ (179,689) **\$ 126,850**

PROVINCE OF NEWFOUNDLAND POOLED PENSION FUND

FINANCIAL STATEMENTS

31 DECEMBER 1999



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Trustee
Province of Newfoundland
Pooled Pension Fund
St. John's, Newfoundland

I have audited the statement of net assets available for benefits of the Province of Newfoundland Pooled Pension Fund as at 31 December 1999 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Elizabeth Marshall

ELIZABETH MARSHALL, C.A.
Auditor General

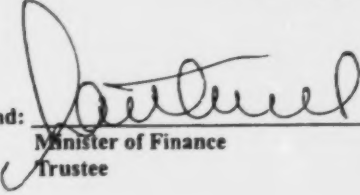
St. John's, Newfoundland
6 March 2000

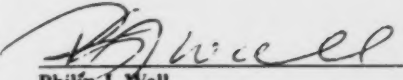
PROVINCE OF NEWFOUNDLAND POOLED PENSION FUND
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
31 DECEMBER 1999

	<u>1999</u> (000's)	<u>1998</u> (000's)
ASSETS		
Investments (Note 2)		
Short term notes and deposits	\$ 113,849	\$ 103,565
Bonds and debentures	537,023	501,826
Equities - Canadian	884,616	692,010
- Foreign	482,048	395,199
Real estate	<u>1,650</u>	<u>6,532</u>
	<u>2,019,186</u>	<u>1,699,132</u>
Accounts receivable		
Employee contributions	2,168	2,507
Employer contributions	2,138	2,465
Accrued investment income	<u>10,322</u>	<u>7,109</u>
	<u>14,628</u>	<u>12,081</u>
Cash	<u>2,736</u>	<u>1,553</u>
Total assets	<u>2,036,550</u>	<u>1,712,766</u>
LIABILITIES		
Accounts payable and accrued liabilities	2,896	1,790
Refunds payable	119	138
Due to Province of Newfoundland	<u>2,757</u>	<u>407</u>
Total liabilities	<u>5,772</u>	<u>2,335</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$2,030,778</u>	<u>\$1,710,431</u>

See accompanying notes

Signed on behalf of the Fund:


Minister of Finance
Trustee


Philip J. Wall
Chairperson, Pension Investment Committee

PROVINCE OF NEWFOUNDLAND POOLED PENSION FUND
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED 31 DECEMBER 1999

	<u>Public Service Pension Plan</u> (000's)	<u>Teachers' Pension Plan</u> (000's)	<u>Uniformed Services Pension Plan</u> (000's)	<u>Members of the House of Assembly Pension Plan</u> (000's)	<u>1999 Total</u> (000's)	<u>1998 Total</u> (000's)
Increase in net assets						
Investments (Note 3)						
Investment income	\$ 33,712	\$ 18,378	\$ -	\$ -	\$ 52,090	\$ 51,773
Gain on sale of investments	66,246	35,441	-	-	101,687	122,618
Current period change in market value of investments	<u>33,228</u>	<u>16,463</u>	<u>-</u>	<u>-</u>	<u>49,691</u>	<u>(27,280)</u>
	133,186	70,282	-	-	203,468	147,111
 Contributions						
Employee	45,607	34,470	2,000	345	82,422	74,975
Employer (Note 4)	45,101	35,057	1,973	342	82,473	72,071
Special payments (Note 4)	30,000	166,000	-	-	196,000	196,000
 Deficiency guarantee from Province of Newfoundland (Note 4)	<u>-</u>	<u>-</u>	<u>6,850</u>	<u>2,548</u>	<u>9,398</u>	<u>10,032</u>
	<u>253,894</u>	<u>305,809</u>	<u>10,823</u>	<u>3,235</u>	<u>573,761</u>	<u>500,189</u>
 Decrease in net assets						
Pensions	105,159	118,963	10,704	3,208	238,034	219,761
Refund of contributions with interest	6,828	1,427	39	-	8,294	12,786
Administrative costs (Note 5)	<u>4,892</u>	<u>2,087</u>	<u>80</u>	<u>27</u>	<u>7,086</u>	<u>7,083</u>
	<u>116,879</u>	<u>122,477</u>	<u>10,823</u>	<u>3,235</u>	<u>253,414</u>	<u>239,630</u>
 Total increase in net assets	137,015	183,332	-	-	320,347	260,559
 Net assets available for benefits, beginning of year	<u>1,187,780</u>	<u>522,651</u>	<u>-</u>	<u>-</u>	<u>1,710,431</u>	<u>1,449,872</u>
 Net assets available for benefits, end of year	<u>\$1,324,795</u>	<u>\$705,983</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,030,778</u>	<u>\$1,710,431</u>

See accompanying notes

PROVINCE OF NEWFOUNDLAND POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 1999

Authority and description

The Province of Newfoundland Pooled Pension Fund (the Fund) was created 1 July 1980 under the authority of the *Pensions Funding Act* for the purpose of providing for the funding of pension plans sponsored by the Province as outlined below. The affairs of the Fund are managed by the Minister of Finance, as Trustee of the Fund. Section 9 of the Act states that where there are insufficient assets to meet the obligations of the Fund, or the equity apportioned to a plan is insufficient to meet the obligations of the plan, the Minister shall pay out of the Consolidated Revenue Fund sufficient monies as may be necessary to cover the deficiency.

The following pension plans participate in the Fund: Public Service Pension Plan, Teachers' Pension Plan, Uniformed Services Pension Plan and Members of the House of Assembly Pension Plan.

(a) Public Service Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering full-time employees of the Government of the Province of Newfoundland and various Crown corporations, agencies and commissions created by or under a Statute of the Province.

(ii) Employee contributions

Employee contributions are equal to 7.35% of the Canada Pension Plan (CPP) basic exemption, plus 5.55% of the employee's salary between the CPP basic exemption and the Year's Maximum Pensionable Earnings (YMPE) under the CPP, plus 7.35% of the employee's salary in excess of the YMPE.

(iii) Accrued service pensions

A service pension is available based on the number of years of pensionable service times 2% of the member's best five years average salary. When a retired member reaches age 65, this pension is reduced by 0.6% of the member's best five years average salary up to average YMPE times years of pensionable service after 1 April 1967. This reduction factor itself is reduced by 0.5% for each month under age 65 if the retired member elects to receive CPP benefits earlier than age 65.

Employees who have reached age 50 and have at least 30 years of service are permitted to retire with a 0.5% reduction in pension benefit for each month under age 55.

PROVINCE OF NEWFOUNDLAND POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 1999

Authority and description (cont.)

(a) Public Service Pension Plan (cont.)

(iii) Accrued service pensions (cont.)

Employees who have reached age 55 and have 30 years of service may retire with an unreduced pension. Employees age 55 or greater with less than 30 years service and with age and service equal to 85 may retire with a pension reduced by 0.5% for each month under age 60.

(iv) Disability pensions

A disability pension equal to the accrued service pension is available on permanent incapacity at any age with a minimum of five years pensionable service.

(v) Survivor pensions

A survivor pension of 60% of the member's accrued service pension is paid to the spouse (and on the spouse's death, to dependent children) following the death of a pensioner, a deferred pensioner or an employee with at least five years pensionable service.

(vi) Death refunds

A refund of the employee's contributions with interest is payable when a survivor pension is not payable.

(vii) Termination benefits

On termination of employment, an employee may elect to receive a refund of the employee's own contributions with interest or, if the employee has at least five years pensionable service, may elect to receive a deferred pension or commuted value.

(b) Teachers' Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering teachers employed by school boards or the Province of Newfoundland and full-time employees of the Newfoundland and Labrador Teachers' Association.

PROVINCE OF NEWFOUNDLAND POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 1999

Authority and description (cont.)

(b) Teachers' Pension Plan (cont.)

(ii) Employee contributions

Employee contributions are equal to 8.5% of salary.

(iii) Accrued service pensions

A service pension is available based on $1/45^{\text{th}}$ of the member's best five years average salary times years of pensionable service prior to 1 January 1991, plus 2% of the member's best five years average salary times years of pensionable service after 1 January 1991. When a member who retired after 31 August 1998 reaches age 65, this pension is reduced by 0.6% of the member's best five years average salary up to average YMPE times years of pensionable service after 1 April 1967.

(iv) Disability pensions

A disability pension equal to the accrued service pension is available on permanent incapacity at any age with a minimum of five years pensionable service.

(v) Survivor pensions

A survivor pension of 60% of the member's accrued service pension is paid to the spouse (and on the spouse's death, to dependent children) following the death of a pensioner, a deferred pensioner or an employee with at least five years pensionable service.

(vi) Death refunds

A refund equal to employee's contributions with interest is payable when a survivor pension is not payable.

(vii) Termination benefits

On termination of employment, a teacher may elect to receive a refund of the teacher's own contributions with interest or, if the teacher has at least five years pensionable service, may elect to receive a deferred pension.

(c) Uniformed Services Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering members of the Royal Newfoundland Constabulary, the St. John's Regional Fire Department and Her Majesty's Penitentiary.

PROVINCE OF NEWFOUNDLAND POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 1999

Authority and description (cont.)

(c) Uniformed Services Pension Plan (cont.)

(ii) Employee contributions

Employee contributions are equal to 8.5% of the Canada Pension Plan (CPP) basic exemption, plus 6.7% of the employee's salary between the CPP basic exemption and the Year's Maximum Pensionable Earnings (YMPE) under the CPP, plus 8.5% of the employee's salary in excess of the YMPE. Grandfathered members contribute an additional 3.5% of salary, which is also matched by the Province.

(iii) Accrued service pensions

A service pension is available based on the number of years of pensionable service times 2% of the member's best three years average salary. When a retired member reaches age 65, this pension is reduced by 0.6% of the member's best three years average salary up to average YMPE times years of pensionable service after 1 April 1967. This reduction factor itself is reduced by 0.5% for each month under age 65 if the retired member elects to receive CPP benefits earlier than age 65. Grandfathered members have higher service pensions in recognition of higher contributions (as set out in Employee contributions above).

(iv) Disability pensions

A disability pension equal to the accrued service pension is available on permanent incapacity at any age with a minimum of five years pensionable service.

(v) Survivor pensions

A survivor pension of 60% of the member's accrued service pension is paid to the spouse (and on the spouse's death, to dependent children) following the death of a pensioner, a deferred pensioner or an employee with at least five years pensionable service. Lower survivor pensions are payable to survivors of grandfathered members.

(vi) Death refunds

A refund of the employee's contributions with interest is payable when a survivor pension is not payable.

PROVINCE OF NEWFOUNDLAND POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 1999

Authority and description (cont.)

(c) Uniformed Services Pension Plan (cont.)

(vii) Termination benefits

On termination of employment, an employee may elect to receive a refund of the employee's own contributions with interest or, if the employee has at least five years pensionable service, may elect to receive a deferred pension.

(d) Members of the House of Assembly Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering Members of the House of Assembly.

(ii) Member contributions

Members and Ministers are each required to pay 8% of their pensionable salary during the time served as a Member or Minister (may exclude first term). Effective 1 April 1999 the contribution rate increased to 9%.

(iii) Accrued service pensions

A service pension is available, subject to age and years of service criteria, after serving as a Member in at least two General Assemblies and for at least five years. The Member's pension is based on a percentage of the average of the Member's pensionable salary for the best three calendar years. The percentage is calculated as 5% for each of the first ten years, 4% for each of the next five years and 2.5% for each of the next two years of service as a Member. Ministers receive an additional pension calculated similarly and based on service as a Minister and pensionable salary as a Minister (excluding Member's salary).

For Members elected for first time after 43rd General Assembly the percentage is calculated as 5% for each of the first ten years and 2.5% for each of the next ten years. For all members who retired after 31 March 1998, when they reach age 65, this pension is reduced by 0.6% of the member's best three years average salary up to average YMPE times years of pensionable service after 1 April 1967. This reduction factor itself is reduced by 0.5% for each month under age 65 if the retired member elects to receive CPP benefits earlier than age 65.

PROVINCE OF NEWFOUNDLAND POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 1999

Authority and description (cont.)

(d) Members of the House of Assembly Pension Plan (cont.)

(iv) Disability pensions

A disability pension equal to the greater of the accrued service pension or 40% of pensionable salary is available if a Member becomes permanently disabled.

(v) Survivor pensions

A survivor pension of the greater of 60% of the accrued service pension or 25% of the last pensionable salary the Member received is paid to the spouse following the death of a Member who is eligible for a service pension. A benefit of 1/6th of the spouse's allowance is payable for each surviving dependent child (1/3rd if no surviving spouse).

(vi) Death refunds

A refund of the Member's contributions with interest is payable when a survivor pension is not payable.

(vii) Termination benefits

A Member who ceases to be a Member may elect to receive a refund of contributions with interest or, subject to eligibility criteria, may elect to receive a deferred pension.

1. Significant accounting policies

These financial statements have been prepared by the Fund's management in accordance with generally accepted accounting principles. The financial statements present the aggregate financial position of the Fund as a separate financial reporting entity. They are prepared to assist plan members and others in reviewing the activities of the Fund for the fiscal period but they do not portray the funding requirements of the various plans or the benefit security of individual plan members. Outlined below are the significant accounting policies followed.

(a) Gains and losses on investments

The cost of sales for all investment dispositions is calculated as the weighted average of their costs.

PROVINCE OF NEWFOUNDLAND POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 1999

1. Significant accounting policies (cont.)

(b) Investment income

Investment income is allocated to the pension plans under the Fund based on the respective equity position, calculated on a cost basis, of each plan after giving effect to a time weighting of receipts and disbursements. The proportionate share of investment income is then attributed to each plan.

Investment income consists of the following:

- (i) Dividend income which is recognized as of the date of record for North American equities and as of the date of receipt for non-North American equities.
- (ii) Bank interest and interest on bonds and debentures, and short-term notes and deposits, which is recognized as it is earned.
- (iii) Real estate income which is recognized as of the date of monthly distributions of net income from real estate investment.
- (iv) Foreign exchange gains or losses.

(c) Current period change in the market value of investments

The current period change in the market value of investments is allocated to the pension plans under the Fund based on the respective equity position, calculated on a cost basis, of each plan after giving effect to a time weighting of receipts and disbursements. The proportionate share of current period change in the market value of investments is then attributed to each plan.

2. Investments

All investments are stated at their estimated fair market value at the statement date.

- (i) Short-term notes and deposits are valued at book value which approximates market value.
- (ii) Bonds and debentures are valued at the last bid price on the valuation date.
- (iii) Publicly traded equities are valued at the last board lot trade for a given stock. In instances where the quoted stock has not been traded on valuation date, the price of the last board lot bid price is quoted.
- (iv) Real estate assets are valued at least once annually by an independent, accredited appraiser. The properties are also reviewed at least quarterly by the RT Realty Advisors Inc., Internal Appraisal Review Committee and appraisal staff.

PROVINCE OF NEWFOUNDLAND POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 1999

2. Investments (cont.)

Investments in real estate have, over a period of several years, declined in market value from a cost of \$6.5 million to the market value as at 31 December 1999 of \$1.7 million, a difference of \$4.8 million. The financial statements include market value changes and as such, these declines are reflected as they occur.

3. Increase in net assets, investments

	<u>1999</u> (000's)	<u>1998</u> (000's)
Canadian common stock	\$137,126	\$ 1,445
Foreign common stock	71,684	97,887
Bonds and debentures	(9,874)	40,542
Short-term notes and deposits	4,572	5,020
Real estate	<u>(40)</u>	<u>2,217</u>
	<u><u>\$203,468</u></u>	<u><u>\$147,111</u></u>

4. Funding policy

In accordance with legislation, the Province's funding requirement is to match employee contributions for current service. A matching of contributions may also occur for certain other types of prior service, which may be purchased under contract (see Note 6).

Also, the Province pays into the Fund amounts required to cover any actual plan deficiencies which may occur. A plan deficiency occurs when pension payments, refunds of contributions and administrative costs exceed a plan's fund balance.

In 1997, as part of efforts to address the unfunded liability in the Public Service Pension Plan, Government made a \$30 million special payment to the Fund. Government also contributed a further \$30 million during the 1998-99 fiscal year. Every year after that Government, in accordance with legislation, will continue with payments of at least \$40 million per fiscal year until the pre-1980 debt is repaid.

In 1998, as part of efforts to address the unfunded liability in the Teachers' Pension Plan, Government, in accordance with legislation, made a \$166 million special payment to the Fund. Government also made a special payment of \$166 million in 1999 and will continue to pay \$76 million per fiscal year until the pre-1980 debt is repaid.

PROVINCE OF NEWFOUNDLAND POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 1999

5. Administrative costs

Administrative costs are direct costs of the Department of Finance, Pensions Division, and are allocated to the various pension plans based upon a combination of expenses directly attributable to a plan, the number of members participating in the various pension plans and a time weighing of receipts and disbursements. Administrative costs are comprised as follows:

	<u>1999</u> (000's)	<u>1998</u> (000's)
Investment management, consulting and custodial fees	\$4,390	\$4,052
Salaries	1,599	1,563
Computer charges	705	949
Other expenses	181	213
Medical and professional fees	120	90
Actuarial consulting fees	<u>91</u>	<u>216</u>
	<u>\$7,086</u>	<u>\$7,083</u>

6. Obligations for pension benefits

The present value of accrued pension benefits was determined using the projected benefit method prorated on service and the best estimate assumptions of the Trustee of the Province of Newfoundland Pooled Pension Fund. Actuarial valuations were performed for each plan as of the valuation dates noted below by a firm of consulting actuaries. The unfunded liabilities at the most recent valuation date are shown in the following table:

<u>Plan</u>	<u>Valuation Date</u>	<u>Actuarial Present Value</u> (000's)	<u>Asset Value</u> (000's)	<u>Unfunded Liability</u> (000's)
Public Service Pension Plan	12/31/97	\$2,127,382	\$1,070,027	\$1,057,355
Teachers' Pension Plan	08/31/97	2,131,082	352,711	1,778,371
Uniformed Services Pension Plan	1/1/97	176,500	-	176,500
Members of the House of Assembly Pension Plan	12/31/96	<u>44,424</u> <u>\$4,479,388</u>	<u>-</u> <u>\$1,422,738</u>	<u>44,424</u> <u>\$3,056,650</u>

PROVINCE OF NEWFOUNDLAND POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 1999

6. Obligations for pension benefits (cont.)

The actuarial present values for the Public Service Pension Plan, the Teachers' Pension Plan and the Uniformed Services Pension Plan include the effects of future pension benefits accruing to members for periods of prior service that are being purchased under contract. These contracts provide for deferred payment terms, subject to interest, and have not been recognized in the Fund's assets. As at 31 December 1999, the total estimated value of payments to be received on these contracts is \$7.5 million (1998 - \$4.5 million).

7. Related party transactions

The following investments were held by the Fund as at 31 December 1999:

<u>Description</u>	<u>Face Value (000's)</u>	<u>Market Value (000's)</u>
Province of Newfoundland Debentures - Maturing from 2003-05-12 to 2028-04-17	\$19,547	\$19,725
Newfoundland and Labrador Hydro Debentures - Maturing on 2002-10-10 to 2026-02-27	<u>3,750</u>	<u>4,315</u>
	<u>\$23,297</u>	<u>\$24,040</u>

8. Portfolio management

In accordance with an agreement dated 1 February 1997, between the Minister of Finance as Trustee of the Province of Newfoundland Pooled Pension Fund and the Royal Trust Corporation of Canada, custodial and administrative services for the Fund are performed by the Corporation, as agent for the Trustee.

As at 31 December 1999, the external investment fund counselling group was comprised of the following firms:

Beutel, Goodman & Company Ltd.
 Connor, Clark & Lunn Investment Management Ltd.
 RT Capital Management Inc.
 RT Realty Advisors Inc.
 Sprucegrove Investment Management Ltd.
 Mulvihill Capital Management Inc.
 Baillie Gifford Overseas Limited
 Independence Investment Associates Inc.
 J.R. Senecal & Associates Investment Counsel Corporation

PROVINCE OF NEWFOUNDLAND POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 1999

9. Financial instruments

The Fund's financial instruments recognized in the Statement of Net Assets Available for Benefits consist of investments, the carrying value of which is described in Note 2, and accounts receivable, due from Province of Newfoundland, cash, accounts payable and accrued liabilities, refunds payable, and due to Province of Newfoundland, the carrying value of which approximate fair value due to the normal trade credit terms and conditions of those instruments.

10. Income taxes

The Fund is a Crown entity of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

11. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

**PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN -
NEWFOUNDLAND AND LABRADOR**

FINANCIAL STATEMENTS

31 MARCH 2000



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Directors
Provincial Advisory Council on the Status
of Women - Newfoundland and Labrador
St. John's, Newfoundland

I have audited the balance sheet of the Provincial Advisory Council on the Status of Women - Newfoundland and Labrador as at 31 March 2000 and the statements of revenue, expenditure and equity, and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at 31 March 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

ELIZABETH MARSHALL, C.A.
Auditor General

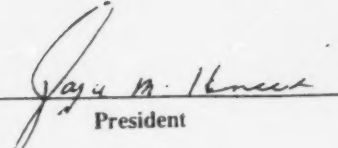
St. John's, Newfoundland
25 May 2000

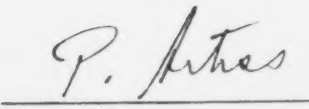
**PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN -
NEWFOUNDLAND AND LABRADOR
BALANCE SHEET
31 MARCH 2000**

	<u>2000</u>	<u>1999</u>
ASSETS		
Current		
Cash	\$ 2,484	\$11,198
Accounts receivable	7,284	9,186
Prepaid expenses	<u>10,048</u>	<u>11,633</u>
	19,816	32,017
Capital assets (Note 2)	<u>42,276</u>	<u>44,883</u>
	<u>\$62,092</u>	<u>\$76,900</u>
 LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 2,221	\$ 5,757
Long-term debt payable within one year	<u>2,139</u>	<u>1,978</u>
	4,360	7,735
Long-term debt (Note 3)	<u>40,138</u>	<u>42,906</u>
	44,498	50,641
Equity	<u>17,594</u>	<u>26,259</u>
	<u>\$62,092</u>	<u>\$76,900</u>

See accompanying notes

Signed on behalf of the Council:


President


Member

**PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN -
NEWFOUNDLAND AND LABRADOR
STATEMENT OF REVENUE, EXPENDITURE AND EQUITY
FOR THE YEAR ENDED 31 MARCH 2000**

	<u>2000</u>		<u>1999</u>
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
REVENUE			
Women's Centres grant (Note 4)	\$210,000	\$210,000	\$210,000
Province of Newfoundland operating grant	201,450	201,200	204,050
Women in Resource Development grant	-	-	20,000
Miscellaneous (Note 5)	5,348	-	5,904
Government of Canada grants	<u>-</u>	<u>-</u>	<u>2,641</u>
	<u>416,798</u>	<u>411,200</u>	<u>442,595</u>
EXPENDITURE			
Amortization	2,607	-	1,423
Capital assets	2,674	-	1,809
Council meetings	25,090	44,500	27,214
Interest on long-term debt	3,123	5,000	4,429
Operating expenses	60,255	24,950	43,233
Project expenses	-	-	2,621
Salaries and employee benefits	121,714	127,800	133,564
Women's Centres grants (Note 4)	210,000	210,000	210,000
Women in Resource Development grant	<u>-</u>	<u>-</u>	<u>20,000</u>
	<u>425,463</u>	<u>412,250</u>	<u>444,293</u>
Excess of expenditure over revenue	(8,665)	(1,050)	(1,698)
Equity, beginning of year	<u>26,259</u>	<u>26,259</u>	<u>27,957</u>
Equity, end of year	<u>\$ 17,594</u>	<u>\$ 25,209</u>	<u>\$ 26,259</u>

See accompanying notes

**PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN -
NEWFOUNDLAND AND LABRADOR
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2000**

	<u>2000</u>	<u>1999</u>
Cash flows from operating activities		
Excess of expenditure over revenue	\$(8,665)	\$ (1,698)
Adjustment for non cash items		
Amortization	<u>2,607</u>	<u>1,423</u>
	(6,058)	(275)
Changes in non-cash working capital		
Accounts receivable	1,902	1,789
Prepaid expenses	1,585	1,137
Accounts payable and accrued liabilities	<u>(3,536)</u>	<u>(4,539)</u>
	(6,107)	(1,888)
Cash flows from financing activities		
Repayment of long-term debt	<u>(2,607)</u>	<u>(1,423)</u>
Net decrease in cash	(8,714)	(3,311)
Cash, beginning of year	<u>11,198</u>	<u>14,509</u>
Cash, end of year	<u>\$ 2,484</u>	<u>\$ 11,198</u>

See accompanying notes

**PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN -
NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2000**

Authority

The Provincial Advisory Council on the Status of Women - Newfoundland and Labrador (the Council) was established under the Status of Women Advisory Council Act. The purpose of the Council is to advise the Minister responsible for the Status of Women, the Government and the public on matters of interest and concern to women. Its affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Council in accordance with generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below is the significant accounting policy followed.

Capital assets

Capital assets are capitalized at cost at the time of acquisition. Assets financed by debt are amortized as the debt is repaid. Minor capital asset purchases are charged to operations in the year of acquisition.

2. Capital assets

	<u>2000</u>			<u>1999</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land and building	\$121,052	\$ 78,776	\$42,276	\$44,883
Furniture, fixtures and equipment	85,140	85,140	-	-
Books, films and publications	<u>4,008</u>	<u>4,008</u>	<u>-</u>	<u>-</u>
	<u>\$210,200</u>	<u>\$167,924</u>	<u>\$42,276</u>	<u>\$44,883</u>

**PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN -
NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2000**

3. Long-term debt

	<u>2000</u>	<u>1999</u>
Royal Trust first mortgage bearing interest at a rate of 7.25%, repayable in blended bi-weekly instalments of \$214; renewable 1 July 2004, maturing 1 July 2011	\$42,277	\$44,884
Less: current portion	<u>2,139</u>	<u>1,978</u>
	<u>\$40,138</u>	<u>\$42,906</u>

The long-term debt is secured by land and building at 131 LeMarchant Road in St. John's.

The annual principal repayments of long-term debt required over the next five years are as follows:

2001	\$2,139
2002	\$2,300
2003	\$2,472
2004	\$2,658
2005	\$2,857

4. Women's Centres grant

In March 1999, the Council entered into an agreement with the Women's Policy Office whereby \$30,000 in funding would be provided to each of seven Status of Women Councils in the Province, for provision of core services in Women's Centres. Under the agreement, the Council is responsible for administering the disbursement of these funds on behalf of the Women's Policy Office. All Women's Centres funding provided for under the agreement, totalling \$210,000, was received by the Council and disbursed during the year.

5. Miscellaneous revenue

	<u>2000</u>	<u>1999</u>
Project services	\$ 825	\$4,530
Province of Newfoundland - salary subsidy	2,873	-
Other	<u>1,650</u>	<u>1,374</u>
	<u>\$5,348</u>	<u>\$5,904</u>

**PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN -
NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2000**

6. Lease commitments

The Council has entered into agreements requiring lease payments for office equipment for the next two years as follows:

2001	\$2,418
2002	\$ 506

7. Pensions

Council staff are subject to the Public Service Pensions Act. Employee contributions are matched by the Council and remitted to the Province of Newfoundland Pooled Pension Fund from which pensions will be paid to employees when they retire. The Council's share of pension contributions for 2000 was \$6,247 (1999 - \$6,245).

8. Economic dependence

As the Council's revenue consists primarily of operating grants from the Province, its ability to continue viable operations is dependent upon the decisions of the Province.

9. Financial instruments

The Council's financial instruments recognized in the balance sheet consist of cash, accounts receivable, accounts payable and accrued liabilities, and long-term debt, the carrying value of which approximate fair value due to the short-term maturity or current market rate associated with these instruments.

10. Income taxes

The Council is a Crown entity of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

FINANCIAL STATEMENTS

PROVINCIAL GENETICS PROGRAM

March 31, 1998

 **ERNST & YOUNG**

AUDITORS' REPORT

To the Directors of the
Provincial Genetics Program

We have audited the balance sheet of the Provincial Genetics Program as at March 31, 1998 and the statement of revenue, expenses and deficit for the year then ended. These financial statements are the responsibility of the program's advisory committee. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted accounting standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the program as at March 31, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

St. John's, Newfoundland,
June 15, 1998.

Ernst & Young

Chartered Accountants

Provincial Genetics Program

BALANCE SHEET

As at March 31

	1998 \$	1997 \$
		[Restated - note 4]
ASSETS		
Current		
Due from Government of Newfoundland and Labrador	180,169	—
Due from Health Care Corporation of St. John's	9,296	—
Accounts receivable	—	60,503
Total current assets	189,465	60,503
Capital assets /notes 3 and 4/	16,414	20,261
	205,879	80,764
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	2,128	2,133
Accrued vacation, statutory holidays and compensatory pay	30,207	27,244
Due to Health Care Corporation of St. John's	—	5,653
Due to Government of Newfoundland and Labrador	16,357	16,357
Deferred revenue	150,000	—
Total current liabilities	198,692	51,387
Accrued severance pay	36,617	35,295
Deficit	(29,430)	(5,918)
	205,879	80,764

See accompanying notes

On behalf of the Board:

E. Hume

Director

B. Clarke

Director

Provincial Genetics Program

STATEMENT OF REVENUE, EXPENSES AND DEFICIT

Year ended March 31

	1998 \$	1997 \$
		<i>[Restated - note 4]</i>
REVENUE		
Government of Newfoundland and Labrador	450,569	429,100
Memorial University of Newfoundland	61,456	57,944
Other income	10,900	6,306
	<u>522,925</u>	<u>493,350</u>
EXPENSES		
Salaries and employee benefits	404,712	376,536
Molecular genetic services	42,513	44,981
Bad debt expense	34,358	—
Rentals	13,547	13,101
Travel	12,692	6,609
Professional fees	11,819	11,553
Other	7,734	5,319
Depreciation	6,519	5,985
Office supplies	5,487	9,688
Telephone	2,940	3,149
	<u>542,321</u>	<u>476,921</u>
Excess of (expenses over revenue)		
revenue over expenses before the following	(19,396)	16,429
Vacation pay expense	(2,794)	(11,325)
Severance pay expense	(1,322)	(2,154)
Excess of (expenses over revenue)		
revenue over expenses	(23,512)	2,950
Deficit, beginning of year	(5,918)	(8,868)
Deficit, end of year	<u>(29,430)</u>	<u>(5,918)</u>

See accompanying notes

Provincial Genetics Program

NOTES TO FINANCIAL STATEMENTS

March 31, 1998

1. PURPOSE

The Provincial Genetics Program ("the Program") offers genetic consultation and diagnostic services to children, parents and adults with known or suspected hereditary disorders. Genetic counselling involves communicating information on all aspects of hereditary conditions including medical facts, management and prognosis, pattern of inheritance, reoccurrence risk and options regarding further reproduction. The Program also provides prenatal diagnosis counselling and specialty clinics.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Program have been prepared in accordance with generally accepted accounting principles, the more significant of which are as follows:

Capital assets

Capital assets are recorded and amortized over the expected useful life, which for equipment is 5 years (see note 3).

Severance, vacation pay and other benefits

Accrued severance pay is recorded in the accounts for all employees who have a vested right to receive such payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment.

Vacation pay and statutory holidays and compensatory pay are recorded on the accrual basis.

3. CAPITAL ASSETS

Capital assets consist of the following:

	1998		
	Cost \$	Accumulated depreciation \$	Net book value \$
Equipment	52,006	35,592	16,414

Provincial Genetics Program

NOTES TO FINANCIAL STATEMENTS

March 31, 1998

3. CAPITAL ASSETS (cont'd)

		1997	
	Cost	Accumulated	Net book
	\$	depreciation	value
		\$	\$
Equipment	49,334	29,073	20,261

4. CHANGES IN ACCOUNTING POLICY

Severance pay and accumulated unpaid overtime

During the year, the Program recorded its liability for severance pay and accumulated unpaid overtime for eligible employees. Previously, these liabilities were recognized in the financial statements on a cash basis. This change in accounting policy has been given retroactive application. Consequently, the opening deficit for the Program for 1997 has been increased by \$34,767, excess of revenue over expenses has decreased by \$6,780 in 1997 and 1997 accounts payable increased by \$41,547.

Capital assets

During the year, the Program recorded all fixed assets and associated amortization. This change in accounting policy has been given retroactive application. Consequently, for the year ended March 31, 1997, opening deficit for the program was decreased by \$4,746, representing net assets at that date, minor equipment expenditure decreased by \$21,500, depreciation expense increased by \$5,985, excess of expenses over revenue decreased by \$15,515 and deficit, end of year decreased by \$20,261.

Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member Firm of
Grant Thornton International

Grant Thornton 

**Provincial Genetics Program
Financial Statements**
December 31, 1999

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Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member Firm of
Grant Thornton International

Auditors' Report

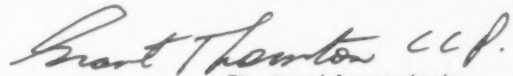
To the Directors of the
Provincial Genetics Program

We have audited the statement of financial position of the Provincial Genetics Program as at December 31, 1999 and the statements of operations and changes in net assets for the nine months then ended. These financial statements are the responsibility of the Program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Program as at December 31, 1999 and the results of operations for the nine months then ended in accordance with generally accepted accounting principles.

St. John's, Newfoundland
June 16, 2000


Chartered Accountants

P.O. Box 8037
ICON Building
187 Kenmount Road
St. John's
Newfoundland
A1B 3M7
Tel: (709) 722-5960
Fax: (709) 722-7892

Provincial Genetics Program

Statements of Operations and Changes in Net Assets (Note 5)

Nine Months Ended December 31

1999

1999

Revenue		
Government of Newfoundland and Labrador	\$ 434,469	\$ 601,188
Memorial University of Newfoundland	28,008	17,651
Other	1,721	1,039
	<u>464,198</u>	<u>619,878</u>
Expenditure		
Salaries and employee benefits	267,041	360,478
Molecular genetic services	21,251	42,789
Travel	19,969	10,687
Professional fees	9,167	11,519
Rentals	8,748	15,111
Office supplies	2,824	5,897
Telephone	2,205	2,940
Other	924	5,158
Minor equipment	769	1,279
	<u>332,898</u>	<u>455,858</u>
Excess of revenue over expenditure before the undemoted items:	<u>131,300</u>	<u>164,020</u>
Depreciation	26,328	25,967
Amortization of deferred contributions	(26,328)	(25,967)
Increase in severance pay accrual	14,533	1,490
	<u>14,533</u>	<u>1,490</u>
Excess of revenue over expenditure	<u>\$ 116,767</u>	<u>\$ 162,530</u>
Net assets (deficit), beginning of period	\$ 133,100	\$ (29,430)
Excess of revenue over expenditure	<u>116,767</u>	<u>162,530</u>
Net assets, end of period	<u>\$ 249,867</u>	<u>\$ 133,100</u>

See accompanying notes to the financial statements

Provincial Genetics Program Statement of Financial Position

(Note 5)

December 31

1999

1999

Assets

Current

Receivables

Health Care Corporation of St. John's

\$ 522,473 \$ 226,928

Government of Newfoundland and Labrador

120,694

522,473

347,622

Equipment (Note 3)

112,925

91,767

\$ 635,398

\$ 439,389

Liabilities

Current

Accounts payable and accrued liabilities

\$ 1,583

\$ 4,000

Accrued vacation, statutory holidays and
compensatory pay

37,770

33,098

Payable to Government of Newfoundland and Labrador

16,357

16,357

Deferred revenue

9,475

15,694

65,185

69,149

Deferred contributions - capital

267,706

199,033

Accrued severance pay

52,640

38,107

385,531

306,289

Net Assets

Net assets

249,867

133,100

\$ 635,398

\$ 439,389

Year 2000 Issue (Note 6)

On Behalf of the Board

Donna Brewer

Director

Barney Carter

Director

See accompanying notes to the financial statements

Grant Thornton

Provincial Genetics Program Notes to the Financial Statements

December 31, 1999

1. Purpose

The Provincial Genetics Program ("the Program") offers genetic consultation and diagnostic services to children, parents and adults with known or suspected hereditary disorders. Genetic counselling involves communicating information on all aspects of hereditary conditions including medical facts, management and prognosis, pattern of inheritance, reoccurrence risk and options regarding further reproduction. The Program also provides prenatal diagnosis counselling and specialty clinics.

2. Significant accounting policies

The financial statements have been prepared in accordance with generally accepted accounting principles, the more significant of which are as follows:

Capital assets

Capital assets are recorded and amortized over the expected useful life, which for equipment is five years. Contributions received relating to capital assets are deferred and amortized on the same basis as the related capital assets.

Accrued severance pay

Accrued severance pay is recorded in the accounts for all employees who have a vested right to receive such payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment.

3. Capital assets			December 31, 1999	March 31, 1999
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Equipment	\$ 200,811	\$ 87,886	\$ 112,925	\$ 91,767

4. Transfer to the Health Care Corporation of St. John's

Effective January 10, 2000, the provincial government transferred the Provincial Genetics Program to the Health Care Corporation of St. John's. The Genetics Program will be included under the Medicine Program of the Corporation, pending deliberations of a broad based working group which will determine the vision, direction, and reporting relationships of the Program for the next 3 to 5 years.

Provincial Genetics Program Notes to the Financial Statements

December 31, 1999

5. Comparative figures

The comparative figures presented are for the twelve months ended March 31, 1999.

6. Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the Program, including those related to customers, suppliers, or other third parties, have been fully resolved.

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD

FINANCIAL STATEMENTS

31 MARCH 2000



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Chairperson and Members
Provincial Information and Library
Resources Board
St. John's, Newfoundland

I have audited the balance sheet of the Provincial Information and Library Resources Board as at 31 March 2000 and the statement of revenue, expenditure and deficit for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at 31 March 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Elizabeth Marshall

ELIZABETH MARSHALL, C.A.
Auditor General

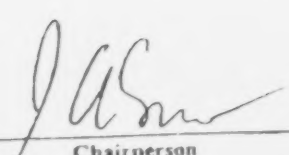
St. John's, Newfoundland
14 June 2000

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
BALANCE SHEET
31 MARCH 2000

	<u>2000</u>	<u>1999</u>
ASSETS		
Current		
Cash	\$3,118,473	\$ 556,529
Accounts receivable (Note 2)	1,204,651	1,288,533
Prepaid expenses (Note 3)	<u>148,042</u>	<u>144,571</u>
	4,471,166	1,989,633
Capital assets (Note 4)	<u>-</u>	<u>-</u>
	<u><u>\$4,471,166</u></u>	<u><u>\$1,989,633</u></u>
 LIABILITIES AND SURPLUS		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 417,222	\$ 473,951
Deposits - local libraries (Note 6)	11,194	3,912
Deferred revenue (Note 7)	<u>3,455,086</u>	<u>568,732</u>
	3,883,502	1,046,595
Severance pay liability	<u>821,762</u>	<u>768,210</u>
	4,705,264	1,814,805
Surplus (Deficit)	<u>(234,098)</u>	<u>174,828</u>
	<u><u>\$4,471,166</u></u>	<u><u>\$1,989,633</u></u>

See accompanying notes

Signed on behalf of the Board:


 Chairperson

 Member

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
STATEMENT OF REVENUE, EXPENDITURE AND DEFICIT
FOR THE YEAR ENDED 31 MARCH 2000

	2000		1999
	<u>Actual</u>	<u>Budget</u> (Note 8)	<u>Actual</u>
REVENUE			
Province of Newfoundland - grants			
Operating	\$5,653,600	\$5,653,600	\$5,744,700
Capital	120,000	120,000	120,000
Government of Canada - grants			
Computerization projects	1,207,496	-	689,653
Literacy projects	2,396	-	302
Capital asset disposals	1,173	-	17,303
Fines and lost library materials	38,589	60,000	41,001
Interest	89,615	30,000	58,859
Miscellaneous	49,044	-	56,702
	<u>7,161,913</u>	<u>5,863,600</u>	<u>6,728,520</u>
EXPENDITURE			
Bad debts	-	-	40,000
Books and periodicals	608,078	478,385	435,179
Capital asset additions	237,116	67,796	354,730
Computer services	749	2,600	1,421
Computerization of libraries	1,266,260	400,000	603,308
Conferences and workshops	3,288	7,500	1,614
Freight and postage	41,294	48,000	40,582
Grants			
Operating - local libraries (Schedule)	415,442	424,270	373,537
Capital - local libraries (Schedule)	83,539	100,000	104,146
Heat and light	6,584	5,000	5,800
Insurance	25,447	32,100	27,088
Literacy projects	2,396	-	302
Miscellaneous	4,123	1,500	677
Office and library supplies	86,220	91,607	73,671
Professional fees	4,500	5,600	5,370
Rental of premises	90,625	92,024	84,025
Repairs and maintenance	13,682	20,200	12,139
Salaries and benefits	4,579,859	4,833,223	4,352,115
Telephone	56,200	60,000	47,199
Travel	45,437	79,710	58,638
	<u>7,570,839</u>	<u>6,749,515</u>	<u>6,621,541</u>
Excess of revenue over expenditure (expenditure over revenue)	(408,926)	(885,915)	106,979
Surplus, beginning of year	<u>174,828</u>	<u>174,828</u>	<u>67,849</u>
Surplus (Deficit), end of year	<u>\$ (234,098)</u>	<u>\$ (711,087)</u>	<u>\$ 174,828</u>

See accompanying notes

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
SCHEDULE OF GRANTS TO LOCAL LIBRARIES
FOR THE YEAR ENDED 31 MARCH 2000

	2000		1999	
	<u>Operating Grant</u>	<u>Capital Grant</u>	<u>Operating Grant</u>	<u>Capital Grant</u>
Eastern Division				
Arnold's Cove	\$ 1,413	\$ 140	\$ 1,183	\$ -
Bay Roberts	60,585	150	61,079	750
Bell Island	2,065	-	2,025	-
Bonavista	3,488	375	3,494	-
Brigus	6,185	-	5,787	-
Burin	3,096	1,035	2,692	31,900
Carbonear	33,728	1,004	6,321	13,786
Catalina	4,421	1,123	3,068	-
Clarenville	13,504	-	12,785	-
Conception Bay South	6,929	-	6,537	-
Fortune	326	-	830	-
Fox Harbour	477	-	869	-
Garnish	1,658	-	1,240	-
Grand Bank	6,168	677	5,890	-
Harbour Grace	4,527	365	3,229	4,300
Holyrood	6,052	-	5,391	-
Marystown	6,453	241	5,168	1,400
Mount Pearl	15,272	-	11,243	-
Old Perlican	836	-	1,780	-
Placentia	14,105	4,814	12,488	361
Pouch Cove	1,538	-	1,396	-
St. Brides	5,231	-	6,135	-
St. Lawrence	936	-	994	-
Scutchen Harbour	4,099	-	3,164	-
Torbay	2,456	-	2,265	-
Trepassey	4,341	48	5,396	-
Victoria	157	-	479	-
Whitbourne	2,366	140	2,716	-
Winterton	1,105	-	911	450
	<u>214,017</u>	<u>10,112</u>	<u>176,555</u>	<u>52,947</u>

SCHEDULE OF GRANTS TO LOCAL LIBRARIES (Cont.)
FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u>		<u>1999</u>	
	<u>Operating Grant</u>	<u>Capital Grant</u>	<u>Operating Grant</u>	<u>Capital Grant</u>
Central Division				
Baie Verte	4,921	232	4,392	-
Bishop's Falls	1,594	-	1,974	-
Botwood	5,600	210	5,155	-
Buchans	2,464	6,493	4,761	-
Carmanville	2,034	-	4,436	-
Centerville	1,090	-	1,040	-
Change Islands	841	-	721	-
Fogo	549	-	771	-
Gambo	1,088	217	933	-
Gander	19,208	3,949	16,440	9,206
Gaultois	8,699	-	5,242	-
Glenwood	1,677	300	1,561	-
Glovertown	1,039	-	1,259	-
Grand Falls-Windsor	2,491	-	2,522	-
Greenspond	3,639	2,510	3,254	-
Harbour Breton	2,790	-	2,571	-
Hare Bay	3,228	2,724	5,848	-
Harry's Harbour	2,442	-	2,119	-
Hermitage	2,739	-	2,845	-
King's Point	2,132	258	2,080	-
LaScie	6,660	-	3,037	-
Lewisporte	5,122	-	5,916	-
Lumaden	1,226	391	1,085	-
Musgrave Harbour	1,349	-	1,508	-
Norris Arm	1,401	-	1,374	-
Point Leamington	917	-	967	-
Robert's Arm	3,209	-	2,754	-
St. Albans	2,909	-	3,856	240
Seal Cove	980	-	950	-
Springdale	1,074	-	1,233	-
Summerford	1,308	900	1,792	-
Twillingate	1,836	-	1,469	-
Wesleyville	1,481	-	1,798	-
	<u>99,737</u>	<u>18,184</u>	<u>97,663</u>	<u>9,446</u>

SCHEDULE OF GRANTS TO LOCAL LIBRARIES (Cont.)
FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u>		<u>1999</u>	
	<u>Operating Grant</u>	<u>Capital Grant</u>	<u>Operating Grant</u>	<u>Capital Grant</u>
Western Newfoundland - Labrador Division				
Bay St. George South	33	-	49	-
Burgeo	801	-	812	-
Cape St. George	231	-	1,034	450
Cartwright	913	-	760	-
Churchill Falls	537	-	654	-
Codroy Valley	111	-	62	-
Cormack	296	-	1,460	-
Corner Brook	4,656	982	4,081	3,402
Cow Head	4,847	-	4,058	341
Daniel's Harbour	713	-	617	-
Deer Lake	13,108	7,486	10,636	13,248
Happy Valley	2,171	-	2,034	-
Labrador City	12,408	-	14,618	1,118
L'Anse au Loup	2,151	-	2,969	-
Lark Harbour	737	-	681	-
Lourdes	1,760	-	1,521	-
Norris Point	710	-	1,514	370
Pasadena	2,593	-	3,507	-
Port au Port	1,784	-	2,273	50
Port aux Basques	9,937	-	8,204	-
Port Saunders	3,902	248	3,462	-
Ramea	875	-	945	-
Rocky Harbour	3,509	-	3,242	-
St. Anthony	4,232	-	4,096	-
St. Georges	1,053	-	807	-
St. Lunaire-Griquet	2,610	-	2,256	-
Sops Arm	859	8,157	148	-
Stephenville	19,119	38,370	17,175	22,774
Stephenville Crossing	363	-	571	-
Wabush	2,497	-	2,738	-
Woody Point	2,172	-	2,335	-
	<u>101,688</u>	<u>55,243</u>	<u>99,319</u>	<u>41,753</u>
	<u>\$415,442</u>	<u>\$83,539</u>	<u>\$373,537</u>	<u>\$104,146</u>

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

Authority

The Provincial Information and Library Resources Board (the Board) operates under the authority of the Public Libraries Act. The purpose of the Board is to operate the public libraries in the Province. A majority of the members of the Board are appointed by the Lieutenant-Governor in Council. The Board reports to the Minister of Education.

1. Significant accounting policies

These financial statements have been prepared by the Board's management in accordance with generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Reporting entity

The reporting entity for the purpose of these financial statements is the Board's head office and divisional offices. The Board's head office includes Administration, Technical Services and the Provincial Resource Library. These financial statements include expenditures for operating and capital grants made to 93 local libraries under the jurisdiction of the three divisional library boards detailed in the schedule to the statements. Funds raised by these local libraries in excess of the grants provided by the Board or any expenditures in excess of these grants are not reflected in these financial statements.

(b) Capital assets

All capital assets are capitalized at cost at the time of acquisition and are charged to expenditure in the year of acquisition.

(c) Severance pay

The calculation of severance pay is based upon years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continuous service, and accordingly no provision has been made in the accounts for employees with less than nine years of continuous service. The amount is payable when the employee ceases employment with the Board. If the employee transfers to another entity included in the public service, then the liability is transferred with the employee to the other entity.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

2. Accounts receivable

	<u>2000</u>	<u>1999</u>
Federal Government		
Harmonized Sales Tax	\$ 80,688	\$ 32,900
Other	99,465	245,064
Provincial Government	969,518	968,854
Local board computerization	-	35,394
Other	<u>94,980</u>	<u>46,321</u>
	1,244,651	1,328,533
Less: Allowance for Doubtful Accounts	<u>40,000</u>	<u>40,000</u>
	<u>\$1,204,651</u>	<u>\$1,288,533</u>

3. Prepaid expenses

Prepaid expenses of \$148,042 (1999 - \$144,571) include inventory of supplies of \$45,922 (1999 - \$47,575) on hand in the Board's head office and the three divisional library board offices.

4. Capital assets

	<u>2000</u>	<u>1999</u>
Motor vehicles	\$ 169,566	\$ 169,566
Furnishings and equipment	<u>2,722,352</u>	<u>2,485,490</u>
	2,891,918	2,655,056
Less: expensed in year of acquisition	<u>2,891,918</u>	<u>2,655,056</u>
	<u>\$ -</u>	<u>\$ -</u>

The above does not reflect the capital assets purchased by the local library boards either alone or with the support of the Board, assets donated to the local library boards or assets purchased for the local library boards by the Board.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

	<u>2000</u>	<u>1999</u>
5. Accounts payable and accrued liabilities		
Accounts payable	\$105,127	\$190,472
Accrued salaries and benefits	<u>312,095</u>	<u>283,479</u>
	<u>\$417,222</u>	<u>\$473,951</u>

6. Deposits - local libraries

Funds raised by some local libraries have been deposited with the Board to cover the cost of wages for additional opening hours and for the purchase of books, periodicals and computers. The balance on deposit at 31 March 2000 was \$11,194 (1999 - \$3,912).

7. Deferred revenue

Deferred revenue represents monies received from funding agencies that has not been utilized, and is available for specified expenditures in future years:

	<u>2000</u>	<u>1999</u>
Federal Government	\$ 70,264	\$ 69,732
Provincial Government	2,277,432	499,000
Gates Learning Foundation	1,104,700	-
Other	<u>2,690</u>	<u>-</u>
	<u>\$3,455,086</u>	<u>\$568,732</u>

8. Budget

The 2000 budgeted expenditure exceeded the Province's current year provision for operating and capital grants for the Board. The difference will be funded from cash surpluses carried forward from prior years.

9. Lease agreements

The Board has entered into lease agreements for the rental of photocopiers, microfiche readers and postal equipment and various rental properties throughout the Province which require the Board to make payments as follows:

2000	\$194,286
2001	\$160,669
2002	\$99,006
2003	\$87,600
2004	\$82,760

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

10. Pensions

Under the Public Libraries Act, Board staff are subject to the Public Service Pensions Act. Employee contributions are matched by the Board and then remitted to the Province of Newfoundland Pooled Pension Fund from which pensions will be paid to employees when they retire. The Board's share of pension contributions for 2000 was \$207,803 (1999 - \$175,811).

11. Income taxes

The Board is a Crown entity of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

12. Economic dependence

As a result of the Board's reliance on Provincial funding, the Board's ability to continue viable operations is dependent upon the decisions of the Province.

13. Related party transaction

The accommodations and related expenses for the head office of the Board, located in the St. John's Arts and Culture Centre, is provided free of charge by the Province of Newfoundland.

FINANCIAL STATEMENTS

PROVINCIAL PERINATAL PROGRAM

March 31, 1998

AUDITORS' REPORT

To the Directors of the
Provincial Perinatal Program

We have audited the balance sheet of the **Provincial Perinatal Program** as at March 31, 1998 and the statement of revenue, expenditure and equity for the year then ended. These financial statements are the responsibility of the program's advisory committee. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted accounting standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the program as at March 31, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

St. John's, Newfoundland,
June 9, 1998.

Ernst & Young

Chartered Accountants

Provincial Perinatal Program

BALANCE SHEET

As at March 31

	1998 \$	1997 \$
		[Restated - note 3]
ASSETS		
Current		
Accounts receivable	101	-
Due from Health Care Corporation of St. John's	368,748	383,194
Total current assets	368,849	383,194
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	2,195	2,725
Accrued vacation pay	10,743	12,061
Deferred revenue	5,107	4,863
Total current liabilities	18,045	19,649
Accrued severance pay	22,829	15,074
Equity	327,975	348,471
	368,849	383,194

See accompanying notes

On behalf of the Committee:

E. Bruneau

Director

B. Clarke

Director

Provincial Perinatal Program

STATEMENT OF REVENUE, EXPENDITURE AND EQUITY

Year ended March 31

	1998 \$	1997 \$
		<i>[Restated - note 3]</i>
REVENUE		
Government of Newfoundland and Labrador	250,301	250,300
Government of Canada	18,426	- 105,443
	<u>268,727</u>	<u>355,743</u>
EXPENDITURE		
Salaries and employee benefits	203,346	202,423
Postpartum parent support program	17,965	95,520
Professional fees	12,766	10,850
Travel	12,512	9,903
Rent	14,432	7,840
Office supplies and books	7,869	4,869
Equipment purchases	6,319	6,699
Telephone	2,183	2,180
Postage	1,691	2,013
Other	1,066	1,336
	<u>280,149</u>	<u>343,633</u>
Excess of (expenditure over revenue) revenue over expenditure before the following	(11,422)	12,110
Severance pay expense	7,756	351
Vacation pay expense	1,318	3,247
Excess of (expenditure over revenue) revenue over expenditure	<u>(20,496)</u>	<u>8,512</u>
Equity, beginning of year	348,471	339,959
Equity, end of year	<u>327,975</u>	<u>348,471</u>

See accompanying notes

Provincial Perinatal Program

NOTES TO FINANCIAL STATEMENTS

March 31, 1998

1. PURPOSE

The Provincial Perinatal Program ("the Program") is organized to improve the quality of perinatal care in the Province of Newfoundland and Labrador.

The Program works with high-risk perinatal children identified as premature infants or children with specific neonatal concerns. It liaises closely with the Janeway Child Health Centre's Intensive Care Unit, Special Care Nursery, Physiotherapy and Social Work departments. There is also a close relationship with the Salvation Army Grace General Hospital (tertiary care centre for obstetrics), obstetrical units of regional health hospitals, public health nurses and family physicians.

2. SIGNIFICANT ACCOUNTING POLICY

The financial statements of the Program have been prepared in accordance with generally accepted accounting principles, the more significant of which are as follows:

Capital assets

All capital asset additions are charged to operations in the year of acquisition.

Severance, vacation pay and other benefits

Accrued severance pay is recorded in the accounts for all employees who have a vested right to receive such payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment.

Vacation pay and statutory holidays and compensatory pay are recorded on the accrual basis.

3. CHANGE IN ACCOUNTING POLICY

During the year, the Program recorded its liability for severance pay, statutory holiday pay and compensatory pay for eligible employees. Previously, these liabilities were recognized in the financial statements on a cash basis. This change in accounting policy has been given retroactive application. Consequently, the opening equity for 1997 has been decreased by \$14,939, excess of revenue over expenditure has decreased by \$460 in 1997, 1997 severance payable increased by \$15,074, and accounts payable and accrued liabilities increased by \$325.

**Provincial Perinatal Program
Financial Statements**
March 31, 1999

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Chartered Accountants
Canadian Member Firm of
Grant Thornton International

Auditors' Report

To the Directors of the
Provincial Perinatal Program

We have audited the statement of financial position of Provincial Perinatal Program as at March 31, 1999 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Program as at March 31, 1999 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

The comparative figures for 1998 are based upon financial statements which were reported on by another firm of chartered accountants.

St. John's, Newfoundland
June 23, 1999

Grant Thornton
Chartered Accountants

P.O. Box 8037
ICON Building
187 Kenmount Road
St. John's
Newfoundland
A1B 3M7
Tel: (709) 722-5960
Fax: (709) 722-7892

Provincial Perinatal Program Statements of Operations and Changes in Net Assets

Year Ended March 31

1999

1998

Revenue		
Government of Newfoundland and Labrador	\$ 251,325	\$ 250,301
Government of Canada	5,107	18,426
Other	570	
	<u>257,002</u>	<u>268,727</u>
Expenditure		
Salaries and employee benefits	187,238	204,664
Professional fees	32,748	12,766
Rent	14,986	14,432
Travel	9,001	12,512
Office supplies and books	4,528	7,869
Telephone	2,200	2,183
Breastfeeding Support Program	1,519	17,965
Postage	1,477	1,691
Other	1,300	1,066
Equipment purchases	867	6,319
	<u>255,864</u>	<u>281,467</u>
Excess of revenue over expenditure (expenditure over revenue) before other item	1,138	(12,740)
Increase in severance pay accrual	<u>10,176</u>	<u>7,756</u>
Excess of expenditure over revenue	<u>\$ (9,038)</u>	<u>\$ (20,496)</u>
Net assets, beginning of year		
	\$ 327,975	\$ 348,471
Excess of expenditure over revenue	<u>(9,038)</u>	<u>(20,496)</u>
Net assets, end of year	<u>\$ 318,937</u>	<u>\$ 327,975</u>

See accompanying notes to the financial statements

**Provincial Perinatal Program
Statement of Financial Position**

March 31

1999

1998

Assets

Current

Receivables

Health Care Corporation of St. John's

\$ 365,547

\$ 368,748

Government of Newfoundland and Labrador

3,924

101

\$ 369,471

\$ 368,849

Liabilities

Current

Accounts payable and accrued liabilities

\$ 2,622

\$ 2,195

Accrued vacation pay

10,983

10,743

Deferred revenue

3,924

5,107

17,529

18,045

Accrued severance pay

33,005

22,829

50,534

40,874

Net assets

Net assets

318,937

327,975

\$ 369,471

\$ 368,849

Year 2000 Issue (Note 3)

On behalf of the Board

Denise Blaney

Director

B. Clarke

Director

See accompanying notes to the financial statements

Grant Thornton 

Provincial Perinatal Program Notes to the Financial Statements

March 31, 1999

1. Purpose

The Provincial Perinatal Program (the Program) is organized to improve the quality of perinatal care in the Province of Newfoundland and Labrador.

The Program works with high-risk perinatal children identified as premature infants or children with specific neonatal concerns. It liaises closely with the Janeway Child Health Centre's Intensive Care Unit, Special Care Nursery, Physiotherapy and Social Work departments. There is also a close relationship with the Salvation Army Grace General Hospital (tertiary care centre for obstetrics), obstetrical units of regional health hospitals, public health nurses and family physicians.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with generally accepted accounting principles, the more significant of which are as follows:

Capital assets

All capital asset additions are charged to operations in the year of acquisition.

Accrued severance pay

Accrued severance pay is recorded in the accounts for all employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment.

3. Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the Year 2000 as 1900 or some other date, resulting in errors when information using Year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Program, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member Firm of
Grant Thornton International

Grant Thornton 

**Provincial Perinatal Program
Financial Statements**
March 31, 2000

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Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member Firm of
Grant Thornton International

Auditors' Report

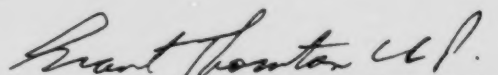
To the Directors of the
Provincial Perinatal Program

We have audited the statement of financial position of Provincial Perinatal Program as at March 31, 2000 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Program as at March 31, 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

St. John's, Newfoundland
June 16, 2000


Chartered Accountants

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Newfoundland
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Tel: (709) 722-5960
Fax: (709) 722-7892

Provincial Perinatal Program **Statements of Operations and Changes in Net Assets**

Year Ended March 31	2000	1999
Revenue		
Government of Newfoundland and Labrador	\$ 257,273	\$ 251,325
Government of Canada	-	5,107
Other	-	570
	<u>257,273</u>	<u>257,002</u>
Expenditure		
Salaries and employee benefits	214,168	187,238
Professional fees	16,866	32,748
Travel	15,748	9,001
Rent	14,968	14,986
Office supplies and books	7,455	4,528
Other	2,253	1,300
Telephone	2,200	2,200
Equipment purchases	2,075	867
Postage	864	1,477
Breastfeeding support program	110	1,519
	<u>276,707</u>	<u>255,864</u>
Excess of (expenditure over revenue) revenue over expenditure before other item	(19,434)	1,138
Increase in severance pay accrual	<u>3,169</u>	<u>10,176</u>
Excess of expenditure over revenue	<u>\$ (22,603)</u>	<u>\$ (9,038)</u>
Net assets, beginning of year	\$ 318,937	\$ 327,975
Excess of expenditure over revenue	<u>(22,603)</u>	<u>(9,038)</u>
Net assets, end of year	<u>\$ 296,334</u>	<u>\$ 318,937</u>

See accompanying notes to the financial statements

Provincial Perinatal Program Statement of Financial Position

March 31

2000

1999

Assets

Current

Receivables

Health Care Corporation of St. John's

\$ 345,257 \$ 365,547

Government of Newfoundland and Labrador

3,924

\$ 345,257 \$ 369,471

Liabilities

Current

Accounts payable and accrued liabilities

\$ 3,400 \$ 2,622

Accrued vacation pay

9,349 10,983

Deferred revenue

3,924

12,749 17,529

Accrued severance pay

36,174 33,005

48,923 50,534

Net assets

Net assets

296,334 318,937

\$ 345,257 \$ 369,471

Year 2000 Issue (Note 3)

On behalf of the Board

Donna Blaney Director

Director

See accompanying notes to the financial statements

Grant Thornton

Provincial Perinatal Program Notes to the Financial Statements

March 31, 2000

1. Purpose

The Provincial Perinatal Program (the Program) is organized to improve the quality of perinatal care in the Province of Newfoundland and Labrador.

The Program works with high-risk perinatal children identified as premature infants or children with specific neonatal concerns. It liaises closely with the Janeway Child Health Centre's Intensive Care Unit, Special Care Nursery, Physiotherapy and Social Work departments. There is also a close relationship with the Salvation Army Grace General Hospital (tertiary care centre for obstetrics), obstetrical units of regional health hospitals, public health nurses and family physicians.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with generally accepted accounting principles, the more significant of which are as follows:

Capital assets

All capital asset additions are charged to operations in the year of acquisition.

Accrued severance pay

Accrued severance pay is recorded in the accounts for all employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment.

3. Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the Program, including those related to customers, suppliers, or other third parties, have been fully resolved.

PUBLIC ACCOUNTANTS LICENSING BOARD

FINANCIAL STATEMENTS

31 DECEMBER 1999



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Chair and Members
Public Accountants Licensing Board
St. John's, Newfoundland

I have audited the balance sheet of the Public Accountants Licensing Board as at 31 December 1999 and the statement of revenue, expenditure and equity for the year then ended. These financial statements are the responsibility of the Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at 31 December 1999 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Elizabeth Marshall

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
12 May 2000

PUBLIC ACCOUNTANTS LICENSING BOARD

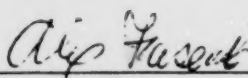
BALANCE SHEET

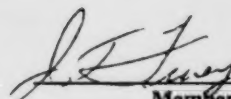
31 DECEMBER 1999

	<u>1999</u>	<u>1998</u>
ASSETS		
Current		
Cash	\$ 1,632	\$ 947
Accounts receivable	-	819
Prepaid expense	413	413
Temporary investments, at cost	<u>28,987</u>	<u>15,065</u>
	<u>\$31,032</u>	<u>\$17,244</u>
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 9,925	\$ 9,975
Equity	<u>21,107</u>	<u>7,269</u>
	<u>\$31,032</u>	<u>\$17,244</u>

See accompanying notes

Signed on behalf of the Board:


Chair


Member

PUBLIC ACCOUNTANTS LICENSING BOARD
STATEMENT OF REVENUE, EXPENDITURE AND EQUITY
FOR THE YEAR ENDED 31 DECEMBER 1999

	<u>1999</u>	<u>1998</u>
REVENUE		
Licences	\$22,600	\$25,575
Interest income	<u>1,081</u>	<u>1,150</u>
	<u>23,681</u>	<u>26,725</u>
EXPENDITURE		
Advertising	493	1,547
Board remuneration	880	21,535
Insurance	750	337
Interest and bank charges	92	127
Meeting expense	182	2,350
Office supplies	449	2,526
Professional fees	920	3,332
Secretarial services	2,347	1,193
Telephone	-	350
Travel	<u>3,730</u>	<u>16,041</u>
	<u>9,843</u>	<u>49,338</u>
Excess of revenue over expenditure (expenditure over revenue)	13,838	(22,613)
Equity, beginning of period	<u>7,269</u>	<u>29,882</u>
Equity, end of period	<u>\$21,107</u>	<u>\$ 7,269</u>

See accompanying notes

PUBLIC ACCOUNTANTS LICENSING BOARD

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 1999

Authority

The Public Accountants Licensing Board (the Board) was established under authority of the *Public Accountancy Act*. The powers of the Board include granting licences to practise as a public accountant under the Act, keeping a roll of persons licensed and prescribing the educational standards and other qualifications of applicants for a licence.

1. Significant accounting policy

These financial statements have been prepared by the Board in accordance with generally accepted accounting principles.

2. Financial instruments

The Board's financial instruments recognized in the Balance Sheet consist of cash, temporary investments and accounts payable and accrued liabilities, the carrying value of which approximate fair value due to the normal trade credit terms and conditions of these instruments.

3. Income taxes

The Public Accountants Licensing Board is a Crown entity and as such is not subject to Provincial or Federal income taxes.

FINANCIAL STATEMENTS

PUBLIC HEALTH LABORATORY

March 31, 1998

 **ERNST & YOUNG**

AUDITORS' REPORT

To the Board of Trustees of the
Health Care Corporation of St. John's

We have audited the balance sheet of the **Public Health Laboratory** as at March 31, 1998 and the statement of revenue, expenditure and deficit for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Laboratory as at March 31, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

St. John's, Newfoundland,
September 23, 1998.

Ernst & Young

Chartered Accountants

Public Health Laboratory

BALANCE SHEET

As at March 31

	1998 \$	1997 \$ <i>[Restated - note 5]</i>
ASSETS		
Current		
Cash		
Receivables	300	300
Health Care Corporation of St. John's	176,265	95,610
Government of Newfoundland and Labrador	837	—
Total current assets	177,402	95,919
Capital assets <i>[note 3]</i>	454,164	22,514
	631,566	118,433
LIABILITIES AND DEFICIT		
Current		
Current portion of long term debt <i>[note 4]</i>	22,639	—
Accounts payable and accrued liabilities	29,216	44,716
Accrued vacation pay	102,324	93,458
Total current liabilities	154,179	138,174
Long-term debt <i>[note 4]</i>	371,141	—
Accrued severance pay	298,134	283,826
Deferred contributions - capital <i>[note 4]</i>	20,309	1585
Deficit	(212,197)	(305,152)
Commitments <i>[note 4]</i>	631,566	118,433

See accompanying notes

On behalf of the Board

Stewart

Trustee

Blake

Trustee

Public Health Laboratory

STATEMENT OF REVENUE, EXPENDITURE AND DEFICIT

Year ended March 31

	1998 \$	1997 \$ <i>[Restated - note 5]</i>
REVENUE		
Government of Newfoundland and Labrador	2,047,127	2,071,400
Amortization of deferred contributions - capital	12,886	6,844
	<u>2,060,013</u>	<u>2,078,244</u>
EXPENDITURE		
Wages and benefits	1,041,443	1,070,689
Laboratory supplies	728,919	840,227
Operating supplies	73,079	50,044
Printing, stationery and office	47,229	52,735
Repairs and maintenance	32,150	32,614
Travel	6,937	3,317
Telephone	6,873	13,212
Professional fees	3,234	3,312
	<u>1,939,864</u>	<u>2,066,150</u>
Excess of revenue over expenditure before the following	120,149	12,094
Severance pay expense	(14,308)	(6,033)
Depreciation	(12,886)	(6,844)
Excess of revenue over expenditure (expenditure over revenue)	92,955	(783)
Deficit, beginning of year	(305,152)	(304,369)
Deficit, end of year	<u>(212,197)</u>	<u>(305,152)</u>

See accompanying notes

Public Health Laboratory

NOTES TO FINANCIAL STATEMENTS

March 31, 1998

1. PURPOSE

The purpose of the Public Health Laboratory is to act as the provincial reference laboratory centre for clinical and public health microbiology and infectious disease surveillance and control. The Laboratory offers specialized and reference laboratory services to all physicians, hospitals, clinics and health related agencies in the province.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Public Health Laboratory have been prepared within the framework of generally accepted accounting principles, the more significant of which are as follows:

Basis of accounting

These financial statements include only the assets, liabilities, revenues and expenditures relating to the operations carried on under the name of the Public Health Laboratory.

Capital assets

Capital assets are recorded at cost.

Depreciation on equipment is recorded on the straight line basis at the following rates:

Equipment	15%
Computer equipment	20%

Construction in progress is not depreciated until the project is substantially complete at which time the project costs are transferred to equipment and depreciated accordingly.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continual service, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. Severance pay is payable when the employee ceases employment with the Laboratory.

NOTES TO FINANCIAL STATEMENTS

March 31, 1998

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [cont'd]

Pension costs

Employees of the Public Health Laboratory are covered by the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador ("the Government"). Contributions to the plans are required from both the employees and the Public Health Laboratory. The annual contributions for pensions are recognized in the accounts on a current basis.

3. CAPITAL ASSETS

Capital assets consist of the following:

	1998		
	Cost \$	Accumulated depreciation \$	Net book value \$
Equipment	728,687	719,982	8,705
Computer equipment	55,707	23,227	32,480
Construction in progress	412,979	—	412,979
	1,197,373	743,209	454,164

	1997		
	Cost \$	Accumulated depreciation \$	Net book value \$
Equipment	723,329	718,237	5,092
Computer equipment	11,567	4,012	7,555
Equipment under capital lease	17,940	8,073	9,867
	752,836	730,322	22,514

NOTES TO FINANCIAL STATEMENTS

March 31, 1998

4. COMMITMENT

During 1997 the Laboratory signed a letter of agreement to enter into a lease for medical and computer equipment. As at March 31, 1998, debt incurred under this agreement totaled \$393,780. The actual terms and conditions of the lease are to be finalized upon signing of the lease agreement during the 1999 fiscal year.

The current portion for fiscal 1999 has been estimated at \$22,639 based on temporary arrangements made for this debt.

5. CHANGES IN ACCOUNTING POLICY

During the year the Laboratory recorded capital grants related to depreciable capital assets as deferred capital grant revenue and amortized them to income on the same basis as the related capital assets. Previously, these grants were reported as an increase in equity. This change in accounting policy has been given retroactive application. Consequently, opening deficit for the Laboratory for 1997 has been increased by \$929 and excess of expenditure over revenue for 1997 has decreased by \$6,844.

6. FINANCIAL INSTRUMENTS

The carrying value of the primary financial instruments of the Laboratory approximate fair value.

At year end, the Laboratory did not have any significant exposure to any party or counterparty.

Chartered Accountants
Canadian Member Firm of
Grant Thornton International

Grant Thornton 

Public Health Laboratory
Financial Statements
March 31, 1999

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Chartered Accountants
Canadian Member Firm of
Grant Thornton International

Auditors' Report

To the Board of Trustees
Health Care Corporation of St. John's

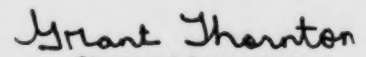
We have audited the statement of financial position of Public Health Laboratory as at March 31, 1999 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Laboratory as at March 31, 1999 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

The comparative figures for 1998 are based upon financial statements which were reported on by another firm of chartered accountants.

St. John's, Newfoundland
June 23, 1999


Chartered Accountants

P.O. Box 8037
ICON Building
187 Kenmount Road
St. John's
Newfoundland
A1B 3M7
Tel: (709) 722-5960
Fax: (709) 722-7892

Public Health Laboratory
Statements of Operations and Changes in Net Assets

Year Ended March 31

1999

1998

Revenue		
Government of Newfoundland and Labrador	<u>\$ 2,096,389</u>	<u>\$ 2,047,127</u>
Expenditure		
Wages and benefits	1,067,508	1,041,443
Laboratory supplies	806,006	728,919
Operating supplies	78,022	73,079
Printing, stationery and office	51,358	47,229
Repairs and maintenance	42,029	32,150
Bad debts	17,373	
Telephone	7,431	6,873
Travel	4,412	6,937
Professional fees	<u>2,500</u>	<u>3,234</u>
	<u>2,076,639</u>	<u>1,939,864</u>
Excess of revenue over expenditure before the following	<u>19,750</u>	<u>107,263</u>
Depreciation	92,361	12,886
Amortization of deferred capital contributions	(13,450)	(12,886)
Increase in severance pay accrual	<u>23,217</u>	<u>14,308</u>
	<u>102,128</u>	<u>14,308</u>
Excess of (expenditure over revenue) revenue over expenditure	<u>\$ (82,378)</u>	<u>\$ 92,955</u>
Net assets (deficit), beginning of year	\$ (212,197)	\$ (305,152)
Excess of (expenditure over revenue) revenue over expenditure	<u>(82,378)</u>	<u>92,955</u>
Net assets (deficit), end of year	<u>\$ (294,575)</u>	<u>\$ (212,197)</u>

See accompanying notes to the financial statements

**Public Health Laboratory
Statement of Financial Position**

March 31

1999

1998

Assets

Current

Cash

\$ 300 \$ 300

Receivables

Health Care Corporation of St. John's

176,265

Government of Newfoundland and Labrador

26,151 837

26,451 177,402

Equipment (Note 3)

478,421 454,164

\$ 504,872 \$ 631,566

Liabilities

Current

Bank indebtedness

\$ 393,780

Accounts payable and accrued liabilities

\$ 24,324 29,216

Due to Health Care Corporation of St. John's

54,241

Accrued vacation pay

102,735 102,324

Current portion of obligation under capital lease

58,076

239,376 525,320

Accrued severance pay

321,351 298,134

Deferred capital contributions

60,444 20,309

Obligation under capital lease (Note 4)

178,276

799,447 843,763

Net Assets (deficit)

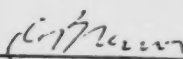
Deficit

(294,575) (212,197)

\$ 504,872 \$ 631,566

Year 2000 Issue (Note 6)

On behalf of the Board



Trustee



Trustee

See accompanying notes to the financial statements

Grant Thornton 

Public Health Laboratory

Notes to the Financial Statements

March 31, 1999

1. Purpose

The purpose of the Public Health Laboratory is to act as the provincial reference laboratory centre for clinical and public health microbiology and infectious disease surveillance and control. The Laboratory offers specialized and reference laboratory services to all physicians, hospitals, clinics and health related agencies in the province.

2. Summary of significant accounting policies

The financial statements have been prepared within the framework of generally accepted accounting principles, the more significant of which are as follows:

Basis of accounting

These financial statements include only the assets, liabilities, revenue and expenditure relating to the operations carried on under the name of the Public Health Laboratory.

Capital assets

Capital assets are recorded at cost.

Depreciation on equipment is recorded on the straight-line basis at the following rates:

Equipment	15%
Computer equipment	20%

Construction in progress is not depreciated until the project is substantially complete at which time the project costs are transferred to equipment and depreciated accordingly.

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on a straight-line basis using the same rates as depreciation expenditure related to the capital assets purchased.

Accrued severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay rests with employees with nine years of continual service, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. Severance pay is payable when the employee ceases employment with the Laboratory.

Pension costs

Employees of the Public Health Laboratory are covered by the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador ("the Government"). Contributions to the plans are required from both the employees and the Public Health Laboratory. The annual contribution for pensions are recognized in the accounts on a current basis.

Grant Thornton 

Public Health Laboratory
Notes to the Financial Statements

March 31, 1999

3. Capital assets		1999		1998	
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>		<u>Net Book Value</u>
Equipment	\$ 1,257,587	\$ 801,063	\$ 456,524	\$	421,684
Computer equipment	<u>56,404</u>	<u>34,507</u>	<u>21,897</u>		<u>32,480</u>
	<u>\$ 1,313,991</u>	<u>\$ 835,570</u>	<u>\$ 478,421</u>	\$	<u>454,164</u>

4. Obligations under long-term leases

The Laboratory has acquired medical and computer equipment under the terms of capital leases. The leases are scheduled to expire in 2003, with minimal annual repayments as follows:

2000	\$ 70,320
2001	70,320
2002	70,320
2003	<u>52,740</u>
	263,700
Less: amount representing interest (5.83%)	<u>27,348</u>
	236,352
Less: current portion	<u>58,076</u>
	<u>\$ 178,276</u>

As security for the obligations under capital leases the Laboratory has provided chattel mortgages on specific equipment.

5. Financial instruments

The carrying value of the primary financial instruments of the Laboratory approximates fair value.

At year end the Laboratory did not have any significant exposure to any party or counterparty.

Public Health Laboratory
Notes to the Financial Statements

March 31, 1999

6. Year 2000 issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the Year 2000 as 1900 or some other date, resulting in errors when information using Year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Laboratory, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member Firm of
Grant Thornton International

Grant Thornton 

Public Health Laboratory
Financial Statements
March 31, 2000

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Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member Firm of
Grant Thornton International

Auditors' Report

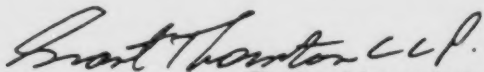
To the Board of Trustees
Health Care Corporation of St. John's

We have audited the statement of financial position of Public Health Laboratory as at March 31, 2000 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Laboratory as at March 31, 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

St. John's, Newfoundland
July 26, 2000


Chartered Accountants

P.O. Box 8037
ICON Building
187 Kenmount Road
St. John's
Newfoundland
A1B 3M7
Tel: (709) 722-5960
Fax: (709) 722-7892

Public Health Laboratory**Statements of Operations and Changes in Net Assets**

Year Ended March 31

2000

1999

Revenue		
Government of Newfoundland and Labrador	<u>\$ 2,195,973</u>	<u>\$ 2,096,389</u>
Expenditure		
Wages and benefits	1,109,193	1,067,508
Laboratory supplies	764,800	806,006
Printing, stationery and office	72,220	51,358
Operating supplies	60,730	78,022
Repairs and maintenance	27,043	42,029
Bad debts	-	17,373
Telephone	7,355	7,431
Travel	5,376	4,412
Professional fees	<u>3,094</u>	<u>2,500</u>
	<u>2,049,811</u>	<u>2,076,639</u>
Excess of revenue over expenditure before the following	<u>146,162</u>	<u>19,750</u>
Depreciation	94,124	92,361
Amortization of deferred capital contributions	(20,260)	(13,450)
Increase in severance pay accrual	<u>18,667</u>	<u>23,217</u>
	<u>92,531</u>	<u>102,128</u>
Excess of revenue over expenditure (expenditure over revenue)	<u>\$ 53,631</u>	<u>\$ (82,378)</u>
Net assets (deficit), beginning of year	\$ (294,575)	\$ (212,197)
Contribution from government for deficit funding	52,114	
Excess of revenue over expenditure (expenditure over revenue)	<u>53,631</u>	<u>(82,378)</u>
Net assets (deficit), end of year	<u>\$ (188,830)</u>	<u>\$ (294,575)</u>

See accompanying notes to the financial statements

**Public Health Laboratory
Statement of Financial Position**

March 31

2000

1999

Assets

Current

Cash

\$ 500 \$ 300

Receivables

Health Care Corporation of St. John's

72,193 -

Government of Newfoundland and Labrador

5,082 26,151

77,775 26,451

Equipment (Note 3)

400,472 478,421

\$ 478,247 \$ 504,872

Liabilities

Current

Accounts payable and accrued liabilities

\$ 29,020 \$ 24,324

Accrued vacation pay

105,006 102,735

Health Care Corporation of St. John's

- 54,241

Current portion of obligation under capital lease (Note 4)

135,352 58,076

269,378 239,376

Accrued severance pay

340,018 321,351

Deferred capital contributions

57,681 60,444

Obligation under capital lease (Note 4)

- 178,276

667,077 799,447

Net Assets (Deficit)

Deficit

(188,830) (294,575)

\$ 478,247 \$ 504,872

On behalf of the Board

Trustee

Trustee

See accompanying notes to the financial statements

Public Health Laboratory Notes to the Financial Statements

March 31, 2000

1. Purpose

The purpose of the Public Health Laboratory is to act as the provincial reference laboratory centre for clinical and public health microbiology and infectious disease surveillance and control. The Laboratory offers specialized and reference laboratory services to all physicians, hospitals, clinics and health related agencies in the province.

2. Summary of significant accounting policies

The financial statements have been prepared within the framework of generally accepted accounting principles, the more significant of which are as follows:

Basis of accounting

These financial statements include only the assets, liabilities, revenue and expenditure relating to the operations carried on under the name of the Public Health Laboratory.

Capital assets

Capital assets are recorded at cost.

Depreciation on equipment is recorded on the straight-line basis at the following rates:

Equipment	15%
Computer equipment	20%

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on a straight-line basis using the same rates as depreciation related to the capital assets purchased.

Accrued severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay rests with employees with nine years of continual service, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. Severance pay is payable when the employee ceases employment with the Laboratory.

Pension costs

Employees of the Public Health Laboratory are covered by the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador ("the Government"). Contributions to the plans are required from both the employees and the Public Health Laboratory. The annual contributions for pensions are recognized in the accounts on a current basis.

Public Health Laboratory
Notes to the Financial Statements

March 31, 2000

3. Equipment		2000		1999
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Equipment	\$ 1,269,068	\$ 883,865	\$ 385,203	\$ 456,524
Computer equipment	<u>61,097</u>	<u>45,828</u>	<u>15,269</u>	<u>21,897</u>
	<u>\$ 1,330,165</u>	<u>\$ 929,693</u>	<u>\$ 400,472</u>	<u>\$ 478,421</u>

4. Obligation under capital lease

The Laboratory has acquired medical and computer equipment under the terms of a capital lease. The lease is scheduled to expire in 2001, with minimal annual repayments as follows:

Capital lease	\$ 139,362
Less: amount representing interest (5.83%)	<u>4,010</u>
	<u>\$ 135,352</u>

As security for the obligation under capital lease the Laboratory has provided chattel mortgages on specific equipment.

5. Financial Instruments

The carrying value of the primary financial instruments of the Laboratory approximates fair value.

At year end the Laboratory did not have any significant exposure to any party or counterparty.

REGISTRAR OF THE SUPREME COURT OF NEWFOUNDLAND

FINANCIAL STATEMENTS

31 MARCH 2000



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Registrar of the Supreme Court
of Newfoundland
St. John's, Newfoundland

I have audited the statement of fund balances of the Registrar of the Supreme Court of Newfoundland as at 31 March 2000 and the statements of changes in fund balance for the Estate/Trust Fund, Supreme Court Fund and Administration Fund for the year then ended. These financial statements are the responsibility of the Registrar. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the funds of the Registrar of the Supreme Court of Newfoundland as at 31 March 2000 and the changes in fund balances for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements.

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
9 June 2000

REGISTRAR OF THE SUPREME COURT OF NEWFOUNDLAND

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31 MARCH 2000

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Statement of Changes in Fund Balance - Supreme Court Fund	" 3
Statement of Changes in Fund Balance - Administration Fund	" 4

REGISTRAR OF THE SUPREME COURT OF NEWFOUNDLAND

STATEMENT OF FUND BALANCES

31 MARCH 2000

	<u>Estate/Trust Fund (Note 2)</u>	<u>Supreme Court Fund (Note 3)</u>	<u>Administration Fund (Note 4)</u>	<u>2000</u>	<u>1999</u>
ASSETS					
Cash	\$ 1,905,572	\$1,701,141	\$43,359	\$ 3,650,072	\$ 3,401,339
Investments (Note 5)	13,809,681	220,896	520,800	14,551,377	14,718,221
Irrevocable letter of credit and securities	-	2,348,092	-	2,348,092	2,468,092
Real estate and other assets (Note 1)	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Total assets	<u>\$15,715,254</u>	<u>\$4,270,129</u>	<u>\$564,159</u>	<u>\$20,549,542</u>	<u>\$20,587,653</u>
Total Fund balances	<u>\$15,715,254</u>	<u>\$4,270,129</u>	<u>\$564,159</u>	<u>\$20,549,542</u>	<u>\$20,587,653</u>

*See accompanying notes*Signed: 

Registrar

REGISTRAR OF THE SUPREME COURT OF NEWFOUNDLAND

STATEMENT OF CHANGES IN FUND BALANCE

ESTATE/TRUST FUND

FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u>	<u>1999</u>
INCREASES		
Estate/trust assets received	\$ 3,480,261	\$ 3,608,417
Investment income	751,952	716,714
Pension, compensation and assistance	1,088,955	1,120,769
Revaluation of shares	3,841	-
Sale of chattels	8,390	2,641
Sale of real estate	<u>537,916</u>	<u>518,384</u>
	<u>5,871,315</u>	<u>5,966,925</u>
DECREASES		
Commissions charged and paid to Administration Fund	230,762	252,366
Estate/trust disbursements	3,179,775	2,286,420
Estates/trusts completed	1,615,016	3,560,442
Excess interest paid to Administration Fund	22,855	23,482
Harmonized Sales Tax paid to Administration Fund	35,497	37,829
Revaluation of shares	-	6,014
Unclaimed estates paid to Administration Fund	<u>194,112</u>	<u>129,018</u>
	<u>5,278,017</u>	<u>6,295,571</u>
Net increase (decrease)	593,298	(328,646)
Fund balance, beginning of year	<u>15,121,956</u>	<u>15,450,602</u>
Fund balance, end of year	<u>\$15,715,254</u>	<u>\$15,121,956</u>

See accompanying notes

REGISTRAR OF THE SUPREME COURT OF NEWFOUNDLAND

STATEMENT OF CHANGES IN FUND BALANCE

SUPREME COURT FUND

FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u>	<u>1999</u>
INCREASES		
Court actions	\$ 999,712	\$1,493,628
Divorce fees	7,893	6,510
Fees	1,031,782	1,043,938
Fines and bail	5,481	24,510
Investment income	120,452	129,405
Judgement recovery	360	200
Law Society fees	<u>18,189</u>	<u>19,922</u>
	<u>2,183,869</u>	<u>2,718,113</u>
DECREASES		
Commissions charged and paid to Administration Fund	5,435	3,040
Court actions	1,402,606	1,623,564
Divorce fees	7,280	6,910
Excess interest paid to Administration Fund	23,814	10,229
Fees paid to Consolidated Revenue Fund	1,043,582	1,078,990
Fines and bail	4,515	31,815
Harmonized Sales Tax on fees	38	-
Law Society fees	18,771	20,179
Undistributable accounts	<u>75,547</u>	<u>-</u>
	<u>2,581,588</u>	<u>2,774,727</u>
Net decrease	(397,719)	(56,614)
Fund balance, beginning of year	<u>4,667,848</u>	<u>4,724,462</u>
Fund balance, end of year	<u>\$4,270,129</u>	<u>\$4,667,848</u>

See accompanying notes

REGISTRAR OF THE SUPREME COURT OF NEWFOUNDLAND

STATEMENT OF CHANGES IN FUND BALANCE

ADMINISTRATION FUND

FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u>	<u>1999</u>
INCREASES		
Commissions received from other Funds	\$ 236,197	\$ 255,406
Excess interest earned on other Funds	46,669	33,711
Harmonized Sales Tax received from Estate/Trust Fund	35,535	37,829
Investment income	29,556	39,238
Unclaimed and undistributable amounts received from other Funds	269,659	129,018
Refund of Harmonized Sales Tax on purchases from Special Reserve	<u>1,607</u>	<u>-</u>
	<u>619,223</u>	<u>495,202</u>
DECREASES		
Capital assets purchased	35,682	1,870
Commissions paid to Consolidated Revenue Fund	244,046	249,436
Harmonized Sales Tax remitted to Federal Government	36,748	36,856
Office administration expenses	256,825	251,318
Professional fees	9,953	11,611
Unclaimed amounts paid to Consolidated Revenue Fund	<u>269,659</u>	<u>129,029</u>
	<u>852,913</u>	<u>680,120</u>
Net decrease	(233,690)	(184,918)
Fund balance, beginning of year	<u>797,849</u>	<u>982,767</u>
Fund balance, end of year	<u>\$ 564,159</u>	<u>\$ 797,849</u>

See accompanying notes

REGISTRAR OF THE SUPREME COURT OF NEWFOUNDLAND

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

Authority

The Registrar of the Supreme Court of Newfoundland (the Registrar) operates under the authority of the Judicature Act.

The Registrar administers estates of deceased persons when appointed personal representative by the Court and administers trusts of minors and mentally disabled persons when appointed guardian by the Court or by virtue of Section 20 of the Mentally Disabled Persons' Estates Act. The Registrar also has custody of monies paid to the Supreme Court of Newfoundland in pending actions, as well as monies paid to Court or to the Registrar under various statutes.

1. Significant accounting policies

These financial statements are prepared on the cash basis of accounting. Outlined below are the significant accounting policies followed.

(a) Administrative expenditures

The office of the Registrar, for administrative purposes, operates as a division of the Department of Justice. Therefore, expenditures related to salaries, accommodations and administration are absorbed by the Department of Justice and no provision has been made in these financial statements for the cost of these items. However, office administration expenditures paid from the Registrar's Special Reserve Fund under Section 72(2) of the Judicature Act are recorded in these financial statements in the amount of \$256,825 for the 1999-2000 year (1998-1999 - \$251,318).

(b) Investments

Investments consist of Bank and Trust Company Guaranteed Investment Certificates, Canada Savings Bonds, mortgages, prearranged funerals, promissory notes, Registered Retirement Savings Plans and shares owned by estates at the dates of appointment of the Registrar. Such investments are recorded at face or market value, except for the mortgages and promissory notes which are recorded at face value net of principal payments received.

(c) Real estate and other assets

Real estate and other assets are recorded in these financial statements at an aggregate nominal value of \$1 as valuation of these assets is not readily determinable. These assets are recorded in the client accounts at estimated market value for administrative purposes.

(d) Capital assets

Capital assets are charged to expenditure in the year of acquisition.

REGISTRAR OF THE SUPREME COURT OF NEWFOUNDLAND

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

2. Estate/Trust Fund

The Registrar, in certain cases, is appointed by the Court as personal representative of the estates of deceased persons or as guardian of the trusts of minors and mentally disabled persons. The trust accounts of the Registrar include monies and other assets held on behalf of such estates/trusts.

3. Supreme Court Fund

Supreme Court funds consist mainly of monies received by the Registrar under, inter alia, the following Acts and Rules and Regulations thereunder:

- (a) Direct Sellers Act
- (b) Elections Act
- (c) Expropriation Act
- (d) Judgement Recovery (Nfld.) Ltd. Act
- (e) Judicature Act
- (f) Leaseholds in St. John's Act
- (g) Life Insurance Act
- (h) Municipalities Act
- (i) Public Utilities Acquisition of Lands Act
- (j) Real Estate Trading Act
- (k) Residential Tenancies Act
- (l) Unified Family Court Act.

4. Administration Fund

The Administration Fund was established to record monies collected pursuant to the Rules of the Supreme Court of Newfoundland. It is comprised primarily of a Special Reserve Fund consisting of interest earned in the Estate/Trust Fund and Supreme Court Fund in excess of that allocated to clients in accordance with Section 72(1) of the Judicature Act. Other monies in the Administration Fund include commissions and undistributable assets to be paid over to the Consolidated Revenue Fund, and Harmonized Sales Tax collected on commissions to be paid over to the Federal Government.

The allocation between these categories is as follows:

	<u>2000</u>	<u>1999</u>
Special Reserve Fund	\$564,159	\$788,992
Other	<u>-</u>	<u>8,857</u>
	<u>\$564,159</u>	<u>\$797,849</u>

REGISTRAR OF THE SUPREME COURT OF NEWFOUNDLAND

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2000

5. Investments

	<u>2000</u>	<u>1999</u>
Total investments held for all Funds is comprised of the following:		
Guaranteed Investment Certificates and Canada Savings Bonds	\$14,152,244	\$14,136,779
Mortgages	87,500	113,326
Prearranged funerals	116,442	120,494
Promissory notes	33,621	35,921
Registered Retirement Savings Plans	143,594	156,598
Shares	<u>17,976</u>	<u>155,103</u>
	<u>\$14,551,377</u>	<u>\$14,718,221</u>

6. Income taxes

The Registrar of the Supreme Court of Newfoundland is an entity of the Crown and as such is not subject to Federal or Provincial income taxes.

**SPECIAL CELEBRATIONS CORPORATION OF
NEWFOUNDLAND AND LABRADOR, INC.
FINANCIAL STATEMENTS
31 MARCH 2000**



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Directors
Special Celebrations Corporation
of Newfoundland and Labrador, Inc.
St. John's, Newfoundland

I have audited the balance sheet of the Special Celebrations Corporation of Newfoundland and Labrador, Inc. as at 31 March 2000 and the statements of revenue, expenditure and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

ELIZABETH MARSHALL, C.A.
Auditor General

St. John's, Newfoundland
2 June 2000

**SPECIAL CELEBRATIONS CORPORATION OF
NEWFOUNDLAND AND LABRADOR, INC.**

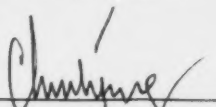
BALANCE SHEET

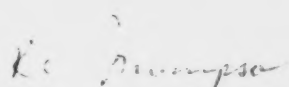
31 MARCH 2000

	<u>2000</u>	<u>1999</u>
ASSETS		
Current		
Cash	\$ 541,318	\$ 538,814
Accounts receivable (Note 2)	<u>982,800</u>	<u>3,655,369</u>
	1,524,118	4,194,183
Capital assets (Note 3)	<u>11,006</u>	<u>15,126</u>
	<u>\$1,535,124</u>	<u>\$4,209,309</u>
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 662,541	\$ 640,020
Deferred revenue	<u>-</u>	<u>3,569,288</u>
	<u>662,541</u>	<u>4,209,308</u>
 Shareholders' equity		
Share capital		
Authorized and issued		
500 common shares of no par value	1	1
 Surplus	<u>872,582</u>	<u>-</u>
	<u>872,583</u>	<u>1</u>
	<u>\$1,535,124</u>	<u>\$4,209,309</u>

See accompanying notes

Signed on behalf of the Corporation:


Chairperson


Vice-Chairperson

**SPECIAL CELEBRATIONS CORPORATION OF
NEWFOUNDLAND AND LABRADOR, INC.
STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS
FOR THE YEAR ENDED 31 MARCH 2000**

	<u>Actual 2000</u>	<u>Budget 2000</u>	<u>Actual 27 August 1998 to 31 March 1999</u>
REVENUE			
Province of Newfoundland	\$4,979,972	\$4,000,000	\$1,978,573
Government of Canada	2,375,119	2,454,621	358,687
Sponsorship	310,000	450,000	5,000
Other revenue	91,582	-	2,500
Nordic Council of Countries grant	64,760	75,000	75,061
Merchandising	31,640	20,000	25,644
Gala concert - ticket sales	-	-	30,857
	<u>7,853,073</u>	<u>6,999,621</u>	<u>2,476,322</u>
EXPENDITURE			
Administration (Note 4)	335,556	449,000	209,289
Depreciation	10,084	10,000	5,042
Merchandising	15,090	19,500	-
Promotional materials	15,482	25,000	16,558
Protocol	25,081	144,950	1,623
Soiree - Anchor events (Note 5)	1,018,017	467,000	632,711
Soiree - Exchanges '99	104,138	375,307	569
Soiree - gala concert	25,746	-	619,689
Soiree - provincial tour (Note 6)	833,054	747,500	23,019
Soiree - soirees and times	75,688	96,500	4,035
Sponsorship	57,163	27,500	20,904
Staffing	1,150,040	924,935	527,051
Symbolic and ceremonial	28,548	97,700	1,978
Vikings - affiliated events (Note 7)	1,935,709	540,000	-
Vikings - exhibit (Note 8)	521,234	200,000	182,824
Vikings - marketing	746,919	1,000,000	-
Vikings - planning	-	-	213,097
Vikings - public relations and communications	9,457	100,000	17,933
Vikings - Voyage of the Islendingur	73,485	300,000	-
	<u>6,980,491</u>	<u>5,524,892</u>	<u>2,476,322</u>
Excess of revenue over expenditure	872,582	1,474,729	-
Surplus, beginning of year	-	-	-
Surplus, end of year	<u>\$ 872,582</u>	<u>\$1,474,729</u>	<u>\$ -</u>

See accompanying notes

**SPECIAL CELEBRATIONS CORPORATION OF
NEWFOUNDLAND AND LABRADOR, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2000**

	<u>2000</u>	<u>27 August 1998 to 31 March 1999</u>
Cash flows from operating activities		
Excess of revenue over expenditure	\$ 872,582	\$ -
Adjustments for non-cash items		
Depreciation	<u>10,084</u>	<u>5,042</u>
	882,666	5,042
Change in non-cash working capital	<u>(874,198)</u>	<u>553,940</u>
	<u>8,468</u>	<u>558,982</u>
Cash flows used in investing activities		
Additions to capital assets	<u>(52,258)</u>	<u>(20,168)</u>
Cash flows from financing activities		
Contributions towards capital assets	<u>46,294</u>	<u>-</u>
Net increase in cash	2,504	538,814
Cash, beginning of year	<u>538,814</u>	<u>-</u>
Cash, end of year	<u>\$ 541,318</u>	<u>\$538,814</u>

See accompanying notes

**SPECIAL CELEBRATIONS CORPORATION OF
NEWFOUNDLAND AND LABRADOR, INC.
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2000**

Authority

The Special Celebrations Corporation of Newfoundland and Labrador, Inc. (the Corporation) was incorporated under the Corporations Act on 27 August 1998. All shares of the Corporation are held by the Minister of Tourism, Culture and Recreation on behalf of the Province. The purpose of the Corporation is to plan, organize, manage and supervise Tourism Special Events for the Government of Newfoundland and Labrador. Its affairs are governed by a Board of Directors appointed by the Minister of Tourism, Culture and Recreation.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below is the significant accounting policy followed.

Capital assets

All capital assets to which the Corporation has title are capitalized at cost at the time of acquisition. Grants towards the acquisition of capital assets are deducted from the related capital asset cost with any depreciation calculated on the net amount.

Depreciation is calculated on a straight line basis as follows:

Computer equipment - 2 years
Furniture - 5 years

2. Accounts receivable

	<u>2000</u>	<u>1999</u>
Province of Newfoundland	\$211,523	\$3,537,658
Government of Canada	375,384	14,081
Viking Trail Tourism Association	197,515	-
Harmonized sales tax	197,514	68,144
Other	864	-
City of St. John's	<u>-</u>	<u>35,486</u>
	<u>\$982,800</u>	<u>\$3,655,369</u>

3. Capital assets

	2000				1999
	<u>Cost</u>	<u>Capital Grants</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$62,648	\$36,516	\$15,126	\$11,006	\$15,126
Furniture	<u>9,778</u>	<u>9,778</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$72,426</u>	<u>\$46,294</u>	<u>\$15,126</u>	<u>\$11,006</u>	<u>\$15,126</u>

**SPECIAL CELEBRATIONS CORPORATION OF
NEWFOUNDLAND AND LABRADOR, INC.
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2000**

4. Administration

	<u>2000</u>	<u>27 August 1998 to 31 March 1999</u>
Advertising	\$ 5,647	\$ -
Audit fees	8,065	3,480
Equipment	12,506	12,617
Equipment purchased from Government of Canada funding	-	32,082
Meeting expenses	8,380	1,190
Miscellaneous	1,291	2,194
Office supplies	11,056	14,164
Overhead	33,326	-
Postage and courier	15,337	6,257
Printing	10,435	12,941
Professional fees	35,668	-
Rent	104,533	91,564
Salaries	-	21,811
Telephone and fax	2,836	1,735
Travel	<u>86,476</u>	<u>9,254</u>
	<u>\$335,556</u>	<u>\$209,289</u>

5. Soiree - Anchor events

	<u>2000</u>	<u>27 August 1998 to 31 March 1999</u>
Canada conferences	\$ 212,364	\$ 59,800
Canada Winter Games	-	75,000
CN Tower	220,186	-
Event grants	87,700	-
Federation des francophones	66,000	39,000
Festival of the Arts	140,500	389,500
Festival 500	122,196	23,511
Pageantry	44,709	-
Soiree '99 Gambo	37,500	37,500
Travel	10,727	8,400
Whales, birds and bergs	<u>76,135</u>	<u>-</u>
	<u>\$1,018,017</u>	<u>\$632,711</u>

**SPECIAL CELEBRATIONS CORPORATION OF
NEWFOUNDLAND AND LABRADOR, INC.
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2000**

6. Soiree - provincial tour

	<u>2000</u>	<u>27 August 1998 to 31 March 1999</u>
Accommodations	\$ 64,830	\$ -
Brochures	3,456	-
Clothing	12,324	-
Design & signage	4,673	-
Drama performance	50,759	2,500
Exhibit	42,320	9,025
Fireworks	25,047	-
Insurance	4,000	-
Laser show	68,650	-
Marketing	13,715	4,173
Musical performance	118,800	-
Per diems	64,312	-
Salaries	18,209	-
Stage, light and sound	193,180	-
Supplies	21,619	-
Tents	24,178	-
Transportation	92,456	-
Travel	<u>10,526</u>	<u>7,321</u>
	<u>\$833,054</u>	<u>\$23,019</u>

7. Vikings - affiliated events

	<u>2000</u>	<u>27 August 1998 to 31 March 1999</u>
Affiliated events program	\$ 112,649	\$ -
Debut 2000	1,214,509	-
First Light	46,500	-
Labrador Winter Games	400,000	-
New Year's Eve advertising	45,557	-
Pageantry	106,035	-
Travel	<u>10,459</u>	<u>-</u>
	<u>\$1,935,709</u>	<u>\$ -</u>

**SPECIAL CELEBRATIONS CORPORATION OF
NEWFOUNDLAND AND LABRADOR, INC.
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2000**

8. Vikings - exhibit

	<u>2000</u>	<u>27 August 1998 to 31 March 1999</u>
Catalogue production/printing	\$ 3,323	\$ -
Education kits/programming	4,510	-
Exhibit design	74,690	-
Exhibit materials/fabrication	275,000	-
Exhibit sub-contracts	15,233	-
Marketing	-	12,850
Miscellaneous	4,303	2,170
Professional fees	32,825	59,787
Salaries	88,289	108,017
Travel	<u>23,061</u>	<u>-</u>
	<u>\$521,234</u>	<u>\$182,824</u>

9. Related party transactions

- (a) The Province provided certain office equipment and furnishings at no cost to the Corporation. These assets are not reflected in these financial statements.
- (b) Recorded in revenue for 1999-2000 is \$4,979,972 in grants received from the Province. This amount is comprised of \$1,763,110 received in 1999-2000 and \$3,216,862 of deferred revenue from 1998-1999 recognized in 1999-2000.

10. Commitments

During the year the Corporation entered into contracts for various professional services totalling \$322,816 to be paid during the year ended 31 March 2001.

11. Economic dependence

As a result of the Corporation's reliance on Provincial funding, the Corporation's ability to continue viable operations is dependent upon the decisions of the Province.

12. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and as such is not subject to Provincial or Federal income taxes.

13. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities, the carrying value of which approximate fair value due to the normal trade credit terms and conditions of these instruments.

**SPECIAL CELEBRATIONS CORPORATION OF
NEWFOUNDLAND AND LABRADOR, INC.
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2000**

14. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

ST. JOHN'S NURSING HOME BOARD
REPORT AND FINANCIAL STATEMENTS

MARCH 31, 1999



AUDITORS' REPORT

The Directors
St. John's Nursing Home Board

We have audited the combined funds balance sheet of St. John's Nursing Home Board as at March 31, 1999 and the combined statements of revenue and expenditures, changes in net assets (deficiency) and changes in financial position for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Deloitte & Touche LLP

Deloitte & Touche LLP

St. John's, Newfoundland,
November 22, 1999.

ST. JOHN'S NURSING HOME BOARD

COMBINED FUNDS BALANCE SHEET AS AT MARCH 31, 1999

	1999	1998
ASSETS		
Current		
Receivables (Note 3)	\$ 2,285,057	\$ 336,397
Prepays	<u>52,773</u>	<u>17,870</u>
	2,337,830	354,267
Capital assets (Note 4)	<u>45,429</u>	<u>53,386</u>
	<u><u>\$ 2,383,259</u></u>	<u><u>\$ 407,653</u></u>

LIABILITIES		
Current		
Payables and accruals (Note 5)	\$ 1,183,563	\$ 75,388
Deferred operating grants (Note 6)	702,630	-
Deferred capital grants (Note 6)	252,361	200,000
Accrued vacation pay	<u>60,145</u>	<u>34,000</u>
	2,198,699	309,388
Deferred capital contributions (Note 7)	45,429	53,386
Accrued severance pay	<u>115,440</u>	<u>67,000</u>
	<u>2,359,568</u>	<u>429,774</u>

NET ASSETS (DEFICIENCY)

Operating fund	(171,554)	(101,000)
Board fund	<u>195,245</u>	<u>78,879</u>
	23,691	(22,121)
	<u><u>\$ 2,383,259</u></u>	<u><u>\$ 407,653</u></u>

On behalf of the Board:

Paul Williams Director
David Smith Director

See accompanying notes to financial statements.

ST. JOHN'S NURSING HOME BOARD

COMBINED STATEMENT OF REVENUE AND EXPENDITURES FOR THE YEAR ENDED MARCH 31, 1999

	1999	1998
Revenue		
Provincial Plan	<u>\$ 850,199</u>	<u>\$ 526,117</u>
Expenditures		
Salaries and benefits	622,721	249,913
Staff relocation	-	60,474
Professional fees	155,661	41,728
Rent	11,753	19,348
Office supplies	20,478	13,955
Telephone	13,272	12,500
Travel	17,764	6,043
Other	3,827	6,395
Advertising	<u>692</u>	<u>2,846</u>
	<u>846,168</u>	<u>413,202</u>
Surplus prior to non-shareable items	4,031	112,915
Adjustments for non-shareable items		
Amortization of deferred capital contributions	12,857	6,000
Amortization of capital assets	(12,857)	(6,000)
Accrued vacation pay	(26,145)	(34,000)
Accrued severance pay	(48,440)	(67,000)
Interest income	<u>116,366</u>	<u>-</u>
Excess of revenue over expenditures	<u>\$ 45,812</u>	<u>\$ 11,915</u>

See accompanying notes to financial statements.

ST. JOHN'S NURSING HOME BOARD

COMBINED STATEMENT OF CHANGES IN NET ASSETS (DEFICIENCY) FOR THE YEAR ENDED MARCH 31, 1999

	1999			1998 Total
	Net Assets (Deficiency)			
	Operating fund	Board fund	Total	
Balance, beginning of the year	\$ (101,000)	\$ 78,879	\$ (22,121)	\$ 11,915
Excess of revenue over expenditures (expenditures over revenue)	(70,554)	116,366	45,812	-
Donation to Operating Fund for capital	-	-	-	(34,036)
Balance, end of the year	\$ (171,554)	\$ 195,245	\$ 23,691	\$ (22,121)

See accompanying notes to financial statements.

ST. JOHN'S NURSING HOME BOARD

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1999

	<u>1998</u>	<u>1998</u>
Cash from operating activities		
Excess of revenue over expenditures	\$ 45,812	\$ 11,915
Items not requiring (generating) cash		
Amortization of capital assets	12,857	6,000
Amortization of deferred capital contributions	<u>(12,857)</u>	<u>(6,000)</u>
	45,812	11,915
Net change in non-cash working capital (Note 8)	(94,252)	(44,879)
Increase in accrued severance pay	<u>48,440</u>	<u>67,000</u>
	<u>-</u>	<u>34,036</u>
Cash used in investing activities		
Purchase of capital assets	<u>(4,900)</u>	<u>(59,386)</u>
Cash from financing activities		
Deferred capital contributions	<u>4,900</u>	<u>25,350</u>
Change in cash for the year, being the ending cash balance	<u><u>-</u></u>	<u><u>-</u></u>

See accompanying notes to financial statements.

ST. JOHN'S NURSING HOME BOARD
NOTES TO COMBINED FINANCIAL STATEMENTS
MARCH 31, 1999

1. Nature of operations

The St. John's Nursing Home Board was constituted under the Hospital's Act by the Province of Newfoundland and Labrador for the purpose of managing and controlling the operations of the six nursing homes in the St. John's region. The six homes are as follows:

- The Agnes Pratt Home
- The Salvation Army Glenbrook Lodge
- The Hoyles-Escasoni Complex
- Masonic Park Nursing Home
- Saint Luke's Homes
- St. Patrick's Mercy Home

Members of the St. John's Nursing Home Board are appointed by the Minister of Health and Community Services and are comprised of two nominees from each of the homes listed above with the remainder chosen from the general public.

2. Summary of significant accounting principles

a. Basis of presentation

X As at March 31, 1999, management and operations of the six nursing homes had not been assumed by this Board. These financial statements do not reflect the operations of these homes, all of which have issued financial statements on an individual basis.

b. Revenue recognition

Revenues are recognized on the deferral basis. Restricted contributions are deferred and recognized as revenue in the period in which the related expenditure is incurred. In the case of restricted contributions for capital expenditures, revenue is recognized on the same basis as the amortization of the related capital asset. Unrestricted contributions are recognized as revenue is received.

c. Capital assets

Capital assets are recorded at cost. Furniture and equipment is being amortized over its estimated useful life on a declining balance basis at a rate of 20%.

ST. JOHN'S NURSING HOME BOARD
NOTES TO COMBINED FINANCIAL STATEMENTS
MARCH 31, 1999

2. Summary of significant accounting principles (Continued)

d. Vacation pay

Vacation pay is accrued for all employees as entitlement to these payments is earned. As the Province of Newfoundland and Labrador funds the Board on a cash basis, this item is disclosed as non-shareable.

e. Severance pay

Severance pay is accrued for all employees for which the right to such compensation is vested. As the Province of Newfoundland and Labrador funds the Board on a cash basis, this item is disclosed as non-shareable.

f. Use of accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates, however, such differences would not be expected to have a material impact on these financial statements.

3. Receivables

	<u>1999</u>	<u>1998</u>
Province of Newfoundland - Operating Grant	\$ 1,599,138	\$ -
Province of Newfoundland - Capital Grant	308,274	200,000
Anglican Homes Incorporated	265,882	136,397
Hoyles-Escasoni Complex	100,846	
Trade	10,917	
	<u>\$ 2,285,057</u>	<u>\$ 336,397</u>

ST. JOHN'S NURSING HOME BOARD

NOTES TO COMBINED FINANCIAL STATEMENTS MARCH 31, 1999

4. Capital assets

	1999		1998
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Furniture and equipment	<u>\$ 64,286</u>	<u>\$ 18,857</u>	<u>\$ 45,429</u>
			<u>\$ 53,386</u>

5. Payables and accruals

	1999	1998
Trade	\$ 69,781	\$ 75,388
Anglican Homes Inc.	105,223	-
S. A. Glenbrook Lodge	283,512	-
Agnes Pratt Home	82,721	-
St. Patrick's Mercy Home	176,270	-
Hoyles-Escasoni Complex	466,056	-
	<u>\$1,183,563</u>	<u>\$ 75,388</u>

6. Deferred grants

Deferred grants represent government funding that has been received for specific purpose and has not been expended in the current year.

7. Deferred capital contributions

Deferred capital contributions represents the unamortized portion of restricted contributions relating to capital assets which will be reported in revenue in future accounting periods.

ST. JOHN'S NURSING HOME BOARD

NOTES TO COMBINED FINANCIAL STATEMENTS MARCH 31, 1999

8. Change in non-cash working capital

	1999	1998
Receivables	\$ (1,948,660)	\$(295,416)
Prepaid expenses	(34,903)	(17,870)
Payable and accruals	1,108,175	75,388
Deferred Operating Grants	702,630	(40,981)
Deferred Capital Grants	52,361	200,000
Accrued vacation pay	26,145	34,000
	<u>\$ (94,252)</u>	<u>\$(44,879)</u>

9. Year 2000 issue

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date sensitive systems may recognize the Year 2000 as 1900 or some other date, resulting in errors when information using Year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 issue affecting the Board, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

10. Comparative figures

Figures presented for comparative purposes have been restated to conform to the current year's presentation.

ST. JOHN'S NURSING HOME BOARD

REPORT AND FINANCIAL STATEMENTS

MARCH 31, 2000



AUDITORS' REPORT

The Directors
St. John's Nursing Home Board

We have audited the combined funds balance sheet of St. John's Nursing Home Board as at March 31, 2000 and the combined statements of revenue and expenditures, changes in net assets (deficiency) and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

St. John's, Newfoundland,
July 27, 2000.

Deloitte & Touche LLP
Chartered Accountants

ST. JOHN'S NURSING HOME BOARD

COMBINED FUNDS BALANCE SHEET AS AT MARCH 31, 2000

	2000	1999
ASSETS		
Current		
Receivables (Note 3)	\$ 3,570,376	\$ 2,285,057
Prepays	<u>2,074</u>	<u>52,773</u>
	3,572,450	2,337,830
Construction in progress	195,413	-
Capital assets (Note 4)	<u>143,060</u>	<u>45,429</u>
	<u>\$ 3,910,923</u>	<u>\$ 2,383,259</u>
LIABILITIES		
Current		
Payables and accruals (Note 5)	\$ 1,662,133	\$ 1,183,563
Deferred operating grants (Note 6)	7,615	702,630
Deferred capital grants (Note 6)	1,791,881	252,361
Accrued vacation pay	<u>148,057</u>	<u>60,145</u>
	3,609,686	2,198,699
Deferred capital contributions (Note 7)	143,061	45,429
Accrued severance pay	<u>315,546</u>	<u>115,440</u>
	<u>4,068,293</u>	<u>2,359,568</u>
NET ASSETS (DEFICIENCY)		
Operating	(498,417)	(171,554)
Board	<u>341,047</u>	<u>195,245</u>
	(157,370)	23,691
	<u>\$ 3,910,923</u>	<u>\$ 2,383,259</u>

Approved on behalf of the Board:

R. Williams Director
H. G. MacKinnon Director

See accompanying notes to financial statements.

ST. JOHN'S NURSING HOME BOARD

COMBINED STATEMENT OF REVENUE AND EXPENDITURES FOR THE YEAR ENDED MARCH 31, 2000

	2000	1999
Revenue		
Provincial plan	\$ 44,818,946	\$ 40,770,852
Less: Paid to Nursing Homes	<u>42,973,435</u>	<u>39,920,653</u>
	1,845,511	850,199
Other income	<u>1,106</u>	<u>-</u>
	<u>1,846,617</u>	<u>850,199</u>
Expenditures		
Administration	1,610,307	829,529
Resident care	186,861	11,870
Diagnostic and therapeutic services	52,513	-
Education	<u>35,780</u>	<u>4,769</u>
	<u>1,885,461</u>	<u>846,168</u>
(Deficit)/surplus prior to other operations and non-shareable items	(38,844)	4,031
Board fund operations	<u>145,802</u>	<u>116,366</u>
Surplus prior to non-shareable items	106,958	120,397
Adjustments for non-shareable items		
Amortization of deferred capital contributions	40,480	12,857
Amortization of capital assets	(40,480)	(12,857)
Accrued vacation pay	(87,912)	(26,145)
Accrued severance pay	<u>(200,107)</u>	<u>(48,440)</u>
(Deficit)/surplus on operations	<u>\$ (181,061)</u>	<u>\$ 45,812</u>

See accompanying notes to financial statements.

ST. JOHN'S NURSING HOME BOARD

COMBINED STATEMENT OF CHANGES IN NET ASSETS (DEFICIENCY) FOR THE YEAR ENDED MARCH 31, 2000

	2000			1999
	Net Assets (Deficiency)			
	Operating	Board	Total	Total
Balance, beginning of the year	\$ (171,554)	\$ 195,245	\$ 23,691	\$ (22,121)
Excess of revenue over expenditures (expenditures over revenue)	(326,863)	145,802	(181,061)	45,812
Balance, end of the year	<u>\$ (498,417)</u>	<u>\$ 341,047</u>	<u>\$ (157,370)</u>	<u>\$ 23,691</u>

See accompanying notes to financial statements.

ST. JOHN'S NURSING HOME BOARD

COMBINED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2000

	2000	1999
Cash from operating activities		
Excess of revenue over expenditures (expenditures over revenue)	\$ (181,061)	\$ 45,812
Items not requiring (generating) cash		
Amortization of capital assets	40,480	12,857
Amortization of deferred capital contributions	(40,480)	(12,857)
Increase in accrued severance pay	200,107	48,440
	19,046	94,252
Net change in non-cash working capital (Note 8)	176,367	(94,252)
	195,413	-
Cash used in investing activities		
Increase in construction in progress	(195,413)	-
Purchase of capital assets	(138,112)	(4,900)
	(333,525)	(4,900)
Cash from financing activity		
Deferred capital contributions	138,112	4,900
Change in cash for the year, being the ending cash balance	\$ -	\$ -

See accompanying notes to financial statements.

ST. JOHN'S NURSING HOME BOARD

NOTES TO COMBINED FINANCIAL STATEMENTS MARCH 31, 2000

1. Nature of operations

The St. John's Nursing Home Board was constituted under the Hospital's Act by the Province of Newfoundland and Labrador for the purpose of managing and controlling the operations of the six nursing homes in the St. John's region. The six homes are as follows:

- The Agnes Pratt Home
- The Salvation Army Glenbrook Lodge
- The Hoyles-Escasoni Complex
- Masonic Park Nursing Home
- Saint Luke's Homes
- St. Patrick's Mercy Home

Members of the St. John's Nursing Home Board are appointed by the Minister of Health and Community Services and are comprised of two nominees from each of the homes listed above with the remainder chosen from the general public.

2. Summary of significant accounting policies

a. Basis of presentation

As at March 31, 2000, management and operations of the six nursing homes had not been assumed by this Board. These financial statements do not reflect the operations of these homes, all of which have issued financial statements on an individual basis.

b. Revenue recognition

Revenues are recognized on the deferral basis. Restricted contributions are deferred and recognized as revenue in the period in which the related expenditure is incurred. In the case of restricted contributions for capital expenditures, revenue is recognized on the same basis as the amortization of the related capital asset. Unrestricted contributions are recognized as revenue as received.

c. Capital assets

Capital assets are recorded at cost. Furniture and equipment is being amortized over its estimated useful life on a declining balance basis at a rate of 20%.

ST. JOHN'S NURSING HOME BOARD

NOTES TO COMBINED FINANCIAL STATEMENTS MARCH 31, 2000

2. Summary of significant accounting principles (Continued)

d. Vacation pay

Vacation pay is accrued for all employees as entitlement to these payments is earned. As the Province of Newfoundland and Labrador funds the Board on a cash basis, this item is disclosed as non-shareable.

e. Severance pay

Severance pay is accrued for all employees for which the right to such compensation is vested. As the Province of Newfoundland and Labrador funds the Board on a cash basis, this item is disclosed as non-shareable.

f. Use of accounting estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting periods. Actual results could differ from those estimates, however, such differences would not be expected to have a material impact on these financial statements.

g. Financial instruments

The carrying amounts of receivables and payables and accruals approximate fair value because of the short maturity of these financial instruments.

3. Receivables

	<u>2000</u>	<u>1999</u>
Province of Newfoundland - Operating Grant	\$ 1,432,500	\$ 1,599,138
Province of Newfoundland - Capital Grant	1,776,235	308,274
Anglican Homes Incorporated	65,882	265,882
Hoyles-Escasoni Complex	271,475	100,846
Trade	<u>24,284</u>	<u>10,917</u>
	<u>\$ 3,570,376</u>	<u>\$ 2,285,057</u>

ST. JOHN'S NURSING HOME BOARD

NOTES TO COMBINED FINANCIAL STATEMENTS MARCH 31, 2000

4. Capital assets

	2000		1999
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Furniture and equipment	<u>\$202,397</u>	<u>\$ 59,337</u>	<u>\$ 143,060</u>
			<u>\$ 45,429</u>

5. Payables and accruals

	2000	1999
Trade	\$ 284,338	\$ 69,781
Anglican Homes Inc.	204,721	105,223
S. A. Glenbrook Lodge	244,682	283,512
Masonic Park Nursing Home	61,890	-
Agnes Pratt Home	292,926	82,721
St. Patrick's Mercy Home	222,887	176,270
Hoyles-Escasoni Complex	350,689	466,056
	<u>\$1,662,133</u>	<u>\$1,183,563</u>

6. Deferred grants

Deferred grants represent government funding that has been received for specific purposes that has not been expended in the current year.

7. Deferred capital contributions

Deferred capital contributions represent the unamortized portion of restricted contributions relating to capital assets which will be reported in revenue in future accounting periods. Deferred capital contributions are amortized on a straight line basis at a rate consistent with the amortization rate for the related asset purchased.

ST. JOHN'S NURSING HOME BOARD

NOTES TO COMBINED FINANCIAL STATEMENTS MARCH 31, 2000

7. Deferred capital contributions (Continued)

The changes in deferred capital contribution balance for the year are as follows:

	2000	1999
Balance, beginning of the year	\$ 45,429	\$ 53,386
Contributions	138,112	4,900
Amortization for the year	<u>(40,480)</u>	<u>(12,857)</u>
Balance, end of the year	<u>\$ 143,061</u>	<u>\$ 45,429</u>

8. Change in non-cash working capital

	2000	1999
Receivables	\$(1,285,319)	\$(1,948,660)
Prepaid expenses	50,698	(34,903)
Payable and accruals	478,570	1,108,175
Deferred operating grants	(695,015)	702,630
Deferred capital grants	1,539,520	52,361
Accrued vacation pay	<u>87,913</u>	<u>26,145</u>
	<u>\$ 176,367</u>	<u>\$ (94,252)</u>

9. Comparative figures

Figures presented for comparative purposes have been restated to conform to the current year's presentation.

SCHEDULE 1

ST. JOHN'S NURSING HOME BOARD

STATEMENT OF EXPENSES FOR GOVERNMENT REPORTING
FOR THE YEAR ENDED MARCH 31, 2000

	<u>2000</u>	<u>1999</u>
Administration		
Executive offices	\$ 898,364	\$ 778,841
Public relations	26,338	-
Finance	140,611	15,109
Human resources	141,782	-
Information systems	281,135	2,200
Management engineering	82,232	11,947
Telecommunications	12,110	21,432
Materials management	27,735	-
	<u>1,610,307</u>	<u>829,529</u>
Resident care		
Nursing administration	165,534	-
Nursing services	21,327	11,870
	<u>186,861</u>	<u>11,870</u>
Diagnostic and therapeutic services		
Physiotherapy	13,066	-
Occupational therapy	721	-
Social work	20,359	-
Recreation therapy	18,367	-
	<u>52,513</u>	<u>-</u>
Education	<u>35,780</u>	<u>4,769</u>
Total expenses	<u>\$1,885,461</u>	<u>\$846,168</u>

SCHEDULE 2

ST. JOHN'S NURSING HOME BOARD

STATEMENT OF REVENUES AND EXPENDITURES FOR GOVERNMENT REPORTING
FOR THE YEAR ENDED MARCH 31, 2000

	2000	1999
Revenue		
Provincial plan	\$ 44,818,946	\$ 40,770,852
Less: Paid to Nursing Homes	<u>42,973,435</u>	<u>39,920,653</u>
	1,845,511	850,199
Other Income	<u>1,106</u>	<u>-</u>
	<u>1,846,617</u>	<u>850,199</u>
Expenditures		
Salaries	1,071,429	536,778
Employee benefits	225,638	85,943
Supplies - regular	587,548	223,447
Supplies - drugs	471	-
Supplies - medical	<u>375</u>	<u>-</u>
	<u>1,885,461</u>	<u>846,168</u>
(Deficit)/surplus for government reporting	(38,844)	4,031
Board fund operations	<u>145,802</u>	<u>116,366</u>
Surplus inclusive of other operations	106,958	120,397
Adjustments for non-shareable items		
Amortization of deferred capital contributions	40,480	12,857
Amortization of capital assets	(40,480)	(12,857)
Accrued vacation pay	(87,912)	(26,145)
Accrued severance pay	<u>(200,107)</u>	<u>(48,440)</u>
(Deficit)/surplus inclusive of non-shareable items	<u>\$ (181,061)</u>	<u>\$ 45,812</u>

THE ST. JOHN'S NURSING HOME BOARD

STATEMENT OF CAPITAL TRANSACTIONS FUNDING AND EXPENDITURES
FOR GOVERNMENT REPORTING
FOR THE YEAR ENDED MARCH 31, 2000

	2000	1999
Source of Funds		
Provincial capital grants in current year	<u>\$ 138,112</u>	<u>\$ 4,900</u>
Expenditure		
Purchase of capital assets	<u>138,112</u>	<u>4,900</u>
Surplus on capital purchases	<u>\$ -</u>	<u>\$ -</u>

THE ST. JOHN'S NURSING HOME BOARD
STATEMENT OF ACCUMULATED OPERATING SURPLUS
FOR GOVERNMENT REPORTING
FOR THE YEAR ENDED MARCH 31, 2000

	<u>2000</u>	<u>1999</u>
Current assets		
Receivables	\$ 3,570,376	\$ 2,285,057
Prepaid expenses	<u>2,074</u>	<u>52,773</u>
Total current assets	<u>3,572,450</u>	<u>2,337,830</u>
Current liabilities		
Payables and accruals	1,662,133	1,183,563
Deferred operating grants	7,615	702,630
Deferred capital grants	<u>1,791,881</u>	<u>252,361</u>
Total current liabilities	<u>3,461,629</u>	<u>2,138,554</u>
Accumulated operating surplus	<u><u>\$ 110,821</u></u>	<u><u>\$ 199,276</u></u>

SCHOOL DISTRICT # 4
STEPHENVILLE - PORT AUX BASQUES

FINANCIAL STATEMENTS/AUDITOR'S REPORT

June 30, 1999

School District # 4
Stephenville - Port aux Basques

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Auditors' Report

To The Members of The School District # 4 Stephenville - Port aux Basques

We have audited the balance sheet of the current and capital funds of the School District # 4 Stephenville - Port aux Basques as at June 30, 1999, and the related statements of current revenues, expenditures and District equity, and statement of changes in capital fund position for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

As required by Section 66 (2) of The Schools Act, we report that the employees whose duties include collecting, receiving or depositing of money are bonded in amounts considered to be sufficient.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District as at June 30, 1999 and the results of its operations and changes in its capital financial position for the year then ended, in accordance with generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Districts in the Province of Newfoundland and Labrador by the Department of Education.

The comparative figures were audited by another firm of public accountants.

D. R. Russell & Company
Chartered Accountants

Stephenville, Newfoundland
City

October 13, 1999
Date

School District # 4
Stephenville - Port aux Basques

BALANCE SHEET

June 30, 1999

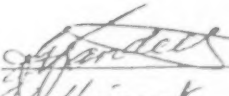
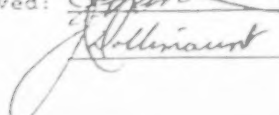
Assets

	<u>1999</u>	<u>1998</u>
Current Assets		
Cash (Supp. Info. 1)	\$ 36,809	\$ 97,675
Short Term Investments (Supp. Info. 2)	--	--
Accounts Receivable (Note 2)	545,810	314,268
Prepaid Expenses (Supp. Info. 3)	<u>48,263</u>	<u>74,618</u>
Total Current Assets	<u>630,882</u>	<u>486,561</u>
Property and Equipment (Sch. 8)	<u>73,178,455</u>	<u>73,163,633</u>
	<u>\$ 73,809,337</u>	<u>\$ 73,650,194</u>

Liabilities and District Equity

Current Liabilities		
Bank Indebtedness (Note 3)	\$ 40,266	\$ 220,367
Accounts Payable and Accrued (Note 4)	645,910	600,522
Current Maturities (Schedule 9A)	<u>--</u>	<u>--</u>
Total Current Liabilities	<u>686,176</u>	<u>820,889</u>
Long-Term Debt (Schedule 9)	<u>--</u>	<u>--</u>
Severance Pay Accrual	<u>7,100,422</u>	<u>6,847,860</u>
District Equity		
Investment in Capital Assets (Note 6)	73,178,455	73,166,751
Reserve Account (Note 5)	--	--
District Equity	<u>(7,155,716)</u>	<u>(7,185,306)</u>
Total District Equity	<u>66,022,739</u>	<u>65,981,445</u>
	<u>\$ 73,809,337</u>	<u>\$ 73,650,194</u>

See Accompanying Notes

Approved:  Chairman
 Secretary

School District # 4
Stephenville - Port aux Basques
Statement of Current Revenues, Expenditures and District Equity
Year Ended June 30, 1999

	<u>1999</u>	<u>1998</u>
Current Revenue (Schedule 1)		
Provincial Government Grants	\$ 36,320,621	\$ 36,501,781
Donations	--	--
Ancillary Services	8,350	11,039
Miscellaneous	<u>748,740</u>	<u>737,567</u>
	<u>37,077,711</u>	<u>37,250,387</u>
Current Expenditures		
Administration (Schedule 2)	1,077,839	1,141,908
Instruction (Schedule 3)	30,063,824	30,076,796
Operations and Maintenance (Schedule 4)	3,971,996	3,951,441
Pupil Transportation (Schedule 5)	1,901,466	2,034,992
Ancillary Services (Schedule 6)	8,338	4,584
Interest Expense (Schedule 9C)	12,346	10,258
Miscellaneous (Schedule 7)	<u>8,871</u>	<u>1,392</u>
	<u>37,044,680</u>	<u>37,221,371</u>
23 111 Excess of Revenue over Expenditures	33,031	29,016
Transfer to/from Capital	<u>(3,441)</u>	<u>(380,932)</u>
Net Increase/Decrease in District Equity	29,590	(351,916)
District Equity, Beginning of Year	<u>(7,185,306)</u>	<u>(6,833,390)</u>
	(7,155,716)	(7,185,306)
Less Transferred to Reserve Account	<u>--</u>	<u>--</u>
District Equity, End of Year	<u>\$ (7,155,716)</u>	<u>\$ (7,185,306)</u>

See Accompanying Notes

School District # 4
Stephenville - Port aux Basques
Statement of Changes in Financial Position
Year Ended June 30, 1999

		<u>1999</u>	<u>1998</u>
60	<u>Operating Activities</u>		
011	Excess of Revenue over Expenditures	\$ 33,031	\$ 29,016
012	Changes in Non-Cash Working Capital	--	--
013	- Short-Term Investments	--	--
014	- Accounts Receivable	(231,542)	16,574
015	- Prepaid Expenses	26,355	(47,193)
014	- Accounts Payable & Accrued Expenses	45,388	(122,036)
015	- Current Maturities	--	--
016	Other (Specify)		
	- Increase (Decrease) in Severance	252,562	(1,141)
	Pay Accrual	<u>125,794</u>	<u>(124,780)</u>
61	<u>Financing Activities</u>		
011	Proceeds from Bank Loans	--	--
012	Grants - Capital	8,263	240,477
013	Other Capital Revenues	--	--
014	Changes in Long-Term Debt	--	--
015	Other (Specify)		
	- Recovery of Expenditures	--	93,113
	- CEC Grant Transferred to French Board	--	(55,212)
		<u>8,263</u>	<u>278,378</u>
62	<u>Investing Activities</u>		
011	Proceeds on Sale of Capital Assets	--	1,565
012	Additions to Property and Equipment	(14,822)	(510,813)
013	Other (Specify)	--	--
		<u>(14,822)</u>	<u>(509,248)</u>
63	Increase (Decrease) in Cash	<u>119,235</u>	<u>(355,650)</u>
64	Cash, Beginning of The Year	<u>(122,692)</u>	<u>232,958</u>
65	Cash, End of The Year	<u>\$ (3,457)</u>	<u>\$ (122,692)</u>

See Accompanying Notes

School District # 4
Stephenville - Port aux Basques
Statement of Changes in Capital Fund
Year Ended June 30, 1999

		<u>1999</u>	<u>1998</u>
70	<u>Capital Receipts</u>		
71	Proceeds from Bank Loans		
011	- School Construction	\$ --	\$ --
012	- Equipment	--	--
013	- Service Vehicles	--	--
014	- Pupil Transportation	--	--
015	- Other (Specify)	--	--
		--	--
72	EIC Grants		
011	School Construction and Equipment	8,263	9,337
012	Other - Accounts Receivable	<u>3,118</u>	<u>--</u>
		11,381	9,337
73	Donations		
011	- Cash Receipts	--	--
012	- Non-Cash Receipts	--	--
013	- Restricted Use	--	--
		--	--
74	Sale of Capital Assets - Proceeds		
011	- Land	--	--
012	- Buildings	--	--
013	- Equipment	--	--
014	- Service Vehicles	--	1,565
015	- Pupil Transportation Vehicles	--	--
016	- Other (Specify)	--	--
		--	1,565
75	Other Capital Revenues		
011	- Interest on Capital Fund Investments	--	--
012	- Premiums on Debentures	--	--
013	- Recoveries of Expenditures	--	54,613
015	- Insurance Proceeds	--	--
016	- Native Peoples Grants	--	--
017	- Miscellaneous - Debt Retirement Grant	--	--
		--	54,613
	Total Capital Receipts		
		11,381	65,515
77	Transfer from Reserve Account		
		--	121,117
78	Transfer to/from Current Fund		
		3,441	380,932
Total			
		\$ 14,822	\$ 567,564

See Accompanying Notes

School District # 4
Stephenville - Port aux Basques
Statement of Changes in Capital Fund (Cont'd)
Year Ended June 30, 1999

		<u>1999</u>	<u>1998</u>
80	<u>Capital Disbursements</u>		
81	Additions to Property & Equipment		
011	- Land and Sites	\$ --	\$ 63,152
012	- Buildings	--	79,167
013	- Furniture & Equipment - School	13,284	325,827
014	- Furniture & Equipment - Other	1,538	29,543
015	- Service Vehicles	--	14,663
016	- Pupil Transportation	--	--
017	- Other (Specify)	--	--
		<u>14,822</u>	<u>512,352</u>
82	Principal Repayment of Long-Term Debt		
011	- School Construction	--	--
012	- Equipment	--	--
013	- Service Vehicles	--	--
014	- Other (Specify)	--	--
		<u>--</u>	<u>--</u>
83	Miscellaneous Disbursements		
013	- Other (Specify)		
	- Transfer of CEC Grant to French Board	<u>--</u>	<u>55,212</u>
		<u>--</u>	<u>55,212</u>
	Total Capital Disbursements	<u>\$ 14,822</u>	<u>\$ 567,564</u>

See Accompanying Notes

School District # 4
Stephenville - Port aux Basques
Notes to The Financial Statements
Year Ended June 30, 1999

1. Significant Accounting Policies:

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Districts. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Districts to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the District, relating to their use of fund accounting, is as follows:

(a) Grants received by the District are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the EIC (Education Investment Corporation) are recorded as capital revenues. Also, amounts paid to construction companies from the EIC on behalf of the District for capital projects are treated as capital revenues.

(b) Capital asset additions are recorded at full cost in the capital fund.

(c) The District does not calculate or record amortization on any of its capital assets.

(d) Principal Repayment of Pupil Transportation Loans are recorded as Current Expenditures. All other principal repayment of bank loans are recorded as Capital Expenditures.

School District # 4
Stephenville - Port aux Basques
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 1999

2. <u>Accounts Receivable</u>		<u>1999</u>	<u>1998</u>
<u>Current</u>			
11 131	Provincial Government	\$ 332,355	\$ 85,791
132	Transportation	--	--
133	Federal Government	203,540	212,020
136	Other School Districts	--	--
137	Rent	--	--
138	Interest	--	--
139	Travel Advances and Miscellaneous	<u>9,815</u>	<u>13,339</u>
		<u>545,810</u>	<u>311,150</u>
<u>Capital</u>			
11 231	EIC - Construction Grants	--	3,118
233	Local Contributions	--	--
234	Other School Districts	--	--
235	Other (Specify)	<u>--</u>	<u>--</u>
		<u>--</u>	<u>3,118</u>
		<u>\$ 545,810</u>	<u>\$ 314,268</u>
3. <u>Bank Indebtedness</u>			
21 131	On Operating Credit	\$ 40,266	\$ 220,367
132	On Capital Account	<u>--</u>	<u>--</u>
		<u>\$ 40,266</u>	<u>\$ 220,367</u>

School District # 4
Stephenville - Port aux Basques
Notes to the Financial Statements
Year Ended June 30, 1999

4. Accounts Payable and Accrued

		<u>1999</u>	<u>1998</u>
	<u>Current</u>		
21 111	Trade Payable	\$ 40,791	\$ 241,920
112	Accrued - Liabilities	80,383	125,230
113	- Interest	--	--
114	- Wages	12,334	--
115	Payroll Deductions	16,410	8,314
116	Retail Sales Tax	--	--
117	Deferred Grants	405,290	120,988
118	Other (Specify)	--	1,151
	- Vacation Payable	90,702	102,919
	- Severance Pay	<u>7,100,422</u>	<u>6,847,860</u>
		7,746,332	7,448,382

Capital

21 211	Trade Payable	--	--
212	Accrued - Liabilities	--	--
213	- Interest	--	--
217	Deferred Grants	--	--
218	Other (Specify)	<u>--</u>	<u>--</u>
		<u>\$ 7,746,332</u>	<u>\$ 7,448,382</u>

School District # 4
Stephenville - Port aux Basques
Notes to the Financial Statements
Year Ended June 30, 1999

5. Reserve Account
Description:

	<u>1999</u>	<u>1998</u>
Balance, Beginning of Year	\$ --	\$ 121,117
Less Transfer from Reserve	<u>--</u>	<u>(121,117)</u>
	--	--
Add Transfer to Reserve	<u>--</u>	<u>--</u>
Balance, End of Year	<u>\$ --</u>	<u>\$ --</u>

School District # 4
Stephenville - Port aux Basques
Notes to The Financial Statements
Year Ended June 30, 1999

	<u>1999</u>	<u>1998</u>
6. Investment in Capital Assets, beginning of year	\$ 73,166,751	\$ 72,399,759
Add:		
Transfer of Operating funds to Capital Fund	3,441	380,932
Grants		
- EIC - Contribution for Capital Const.	8,263	10,356
- Other - CEC and HRD	--	230,121
Capital projects funded by EIC but paid directly to other sources on behalf of District.	--	--
Donations (Specify)	--	--
Proceeds from Sale of Capital Assets		
- Land	--	--
- Buildings	--	--
- Equipment	--	--
- Vehicles	--	1,565
- Other	--	--
Interest on Capital Fund Investments	--	--
Recoveries of Expenditures	--	93,113
Insurance Proceeds - Capital	--	--
Native Peoples Grants - Capital	--	--
Miscellaneous (Specify) - Reserve Account	--	121,117
	<u>73,178,455</u>	<u>73,236,963</u>
Deduct Adjustments:		
Cost of assets sold		
- Land	--	--
- Buildings	--	--
- Equipment	--	--
- Vehicles	--	15,000
- Other	--	--
	<u>--</u>	<u>15,000</u>
Other	<u>--</u>	<u>55,212</u>
23 221 Investment in Capital Assets, End of Year	<u>\$ 73,178,455</u>	<u>\$ 73,166,751</u>

School District # 4
Stephenville - Port aux Basques
Notes to The Financial Statements
Year Ended June 30, 1999

7. Commitments

At balance sheet date the District had the following commitments:

8. Other (Please Specify)

School District # 4
Stephenville - Port aux Basques

Current Revenues
Year Ended June 30, 1999

<u>Current Revenues</u>	<u>1999</u>	<u>1998</u>
32 010 Provincial Government Grants		
011 Regular	\$ 5,760,000	\$ 5,966,800
016 Special Grants (Details on bottom of Schedule 1)	692,885	164,031
Salaries and Benefits		
017 - Directors and Asst. Directors	286,347	333,062
021 - Regular Teachers	26,159,132	26,658,674
022 - Substitute Teachers	864,103	824,381
023 - Student Assistants	656,719	514,352
030 Pupil Transportation		
031 - Board Owned	--	--
032 - Contracted	1,682,879	1,811,081
033 - Handicapped	<u>218,556</u>	<u>229,400</u>
	<u>36,320,621</u>	<u>36,501,781</u>
33 010 Donations		
012 Cash Receipts	--	--
013 Non-Cash Receipts	--	--
014 Restricted Use	<u>--</u>	<u>--</u>
	<u>--</u>	<u>--</u>

School District # 4
Stephenville - Port aux Basques

Current Revenues

Year Ended June 30, 1999

		<u>1999</u>	<u>1998</u>
34 010	Ancillary Services		
011	Revenues from Rental of Residences	\$ 8,350	\$ 11,039
021	Revenues from Rental of Schools and Facilities (Net)	--	--
031	Cafeterias	--	--
032	Other - (Specify)	--	--
		<u>8,350</u>	<u>11,039</u>
35 010	Miscellaneous		
011	Interest on Investments	336	--
012	Bus Charters	--	--
021	Recoveries of Expenditures	98,294	144,088
031	Revenues from Other School Districts	--	--
051	Insurance Proceeds	40,972	--
061	Bilingual Education Revenue	67,351	134,147
071	Operating Rev. from Native Peoples Grant	--	--
081	Miscellaneous Federal Grants	473,116	356,100
091	Textbooks	58,835	68,951
092	Sundry	9,836	34,281
		<u>748,740</u>	<u>737,567</u>
	Total Current Revenues	<u>\$ 37,077,711</u>	<u>\$ 37,250,387</u>
<u>Special Grants</u>			
	French Monitor	\$ 14,795	\$ 31,458
	French Co-ordinator	--	--
	French Immersion	9,795	16,650
	French Materials	--	--
	School Board Election Grant	--	58,407
	Bursary Grant - Grey River	--	10,000
	Stellar Schools Grant	--	31,500
	Administration Grant - Textbooks	7,357	--
	Textbook Credit Allocation	3,027	16,016
	English Preschool	21,492	--
	Air Quality	196,685	--
	Deficit Retirement	290,800	--
	Workforce Reduction Grant	147,069	--
	Other (Specify) - Internship	1,865	--
		<u>\$ 692,885</u>	<u>\$ 164,031</u>

School District # 4
Stephenville - Port aux Basques
 Administration Expenditures
 Year Ended June 30, 1999

	<u>1999</u>	<u>1998</u>
51 Salaries and Benefits		
011 - Directors and Assistant Directors	\$ 269,200	\$ 333,062
012 - District Office Personnel	420,369	379,900
013 Office Supplies	26,735	23,317
014 Replacement Furniture and Equipment	3,825	1,480
015 Postage	29,381	26,461
016 Telephone	40,889	31,553
017 Office Equipment Rentals and Repairs	16,867	15,311
018 Bank Charges	50	354
019 Electricity	16,173	20,526
021 Fuel	4,102	5,392
022 Insurance	2,828	1,313
023 Repairs and Maintenance (Office Building)	5,095	12,697
024 Travel	108,792	111,061
025 Board Meeting Expenses	5,713	6,614
026 Election Expenses	--	52,429
027 Professional Fees	33,384	42,053
028 Advertising	21,551	14,377
029 Membership Dues	36,728	28,646
031 Municipal Service Fees	432	432
032 Rental of Office Space	18,521	18,521
033 Janitorial	9,118	7,346
034 Miscellaneous	1,233	2,997
035 Payroll Tax	<u>6,853</u>	<u>6,066</u>
Total Administration Expenditures	<u>\$ 1,077,839</u>	<u>\$ 1,141,908</u>

School District # 4
Stephenville - Port aux Basques

Instruction Expenditures

Year Ended June 30, 1999

	<u>1999</u>	<u>1998</u>
52 010 Instructional Salaries (Gross)		
011 Teachers' Salaries - Regular	\$ 26,597,644	\$ 26,576,171
012 - Substitute	776,906	865,706
013 - District Paid	69,004	99,185
014 Augmentation	--	--
015 Employee Benefits	--	--
016 School Secretaries - Salaries & Benefits	445,672	493,308
017 Payroll Tax	7,275	7,852
018 Other - Student Assistants	587,377	542,549
019 Payroll Tax - Student Assistants	--	3,931
	<u>28,483,878</u>	<u>28,588,702</u>
52 040 Instructional Materials		
041 General Supplies	242,482	225,031
042 Library Resource Materials	40,223	57,444
043 Teaching Aids	273,679	263,122
044 Textbooks	<u>55,083</u>	<u>72,643</u>
	<u>611,467</u>	<u>618,240</u>
52 060 Instructional Furniture and Equipment		
061 Replacement	78,156	48,168
062 Rentals and Repairs	34,450	25,567
063 Copier Costs	<u>113,683</u>	<u>122,522</u>
	<u>226,289</u>	<u>196,257</u>
52 080 Instructional Staff Travel		
081 Program Co-ordinators	78,952	80,638
082 Teachers' Travel	51,587	46,648
083 Inservice and Conferences	47,947	12,931
084 Student Travel	<u>21,293</u>	<u>25,513</u>
	<u>199,779</u>	<u>165,730</u>
52 090 Other Instructional Costs		
091 Postage and Stationery	--	3,575
092 Miscellaneous	1,945	136,067
093 HRD	<u>540,466</u>	<u>368,225</u>
	<u>542,411</u>	<u>507,867</u>
Total Instruction Expenditures	<u>\$ 30,063,824</u>	<u>\$ 30,076,796</u>

School District # 4Stephenville - Port aux Basques

Operations and Maintenance Expenditures - Schools

Year Ended June 30, 1999

	<u>1999</u>	<u>1998</u>
53 011 Salaries & Benefits - Janitorial	\$ 1,191,600	\$ 1,200,342
012 Salaries & Benefits - Maintenance	467,092	479,639
013 Payroll Tax	30,794	28,920
014 Electricity	1,046,656	1,114,525
015 Fuel	63,087	117,135
016 Municipal Service Fee	50,129	48,786
017 Telephone	198,568	213,201
018 Vehicle Operating and Travel	59,538	49,088
019 Janitorial Supplies	92,088	86,817
021 Janitorial Equipment	18,477	2,837
022 Repairs and Maintenance - Buildings	573,227	396,547
023 - Equipment	231	711
024 Contracted Services - Janitorial	81,572	116,921
025 Snow Clearing	98,937	95,972
026 Rentals	--	--
027 Other (Specify)	--	--
Total Operations and Maintenance	<u>\$ 3,971,996</u>	<u>\$ 3,951,441</u>

School District # 4
Stephenville - Port aux Basques
Pupil Transportation Expenditure
Year Ended June 30, 1999

	<u>1999</u>	<u>1998</u>
54 010 Operation and Maintenance of Board		
Owned Fleet		
011 Salaries - Administration	\$ --	\$ --
012 - Drivers and Mechanics	--	--
013 Payroll Tax	--	--
014 Debt Repayment - Interest	--	--
015 - Principal	--	--
016 Bank Charges	--	--
017 Gas and Oil	--	--
018 Licenses	--	--
019 Insurance	--	--
021 Repairs and Maintenance - Fleet	--	--
022 - Building	--	--
023 Tires and Tubes	--	--
024 Heat and Light	--	--
025 Municipal Service	--	--
026 Snow Clearing	--	--
027 Office Supplies	--	--
028 Rent	--	--
029 Travel	--	--
031 Professional Fees	--	--
032 Miscellaneous	--	--
033 Telephone	--	--
034 Vehicle leases	--	--
	--	--
54 040 Contracted Services	1,653,884	1,760,220
041 Regular Transportation	218,556	244,464
042 Handicapped	27,844	27,626
Salaries and benefits	1,182	2,682
Miscellaneous		
	1,901,466	2,034,992
Pupil Transportation Expenditures	<u>\$ 1,901,466</u>	<u>\$ 2,034,992</u>

Schedule 6

School District # 4Stephenville - Port aux BasquesAncillary Services and Miscellaneous Expenses

Year Ended June 31, 1999

Ancillary Services

The District owns and operates the following ancillary services:

		<u>1999</u>	<u>1998</u>
55	Ancillary Services		
011	Operation of Teachers' Residences	\$ 8,338	\$ 4,584
031	Cafeterias	--	--
032	Other (Specify)	--	--
		<u>\$ 8,338</u>	<u>\$ 4,584</u>

Schedule 7

Miscellaneous Expenses (Specify)

The District has incurred the following miscellaneous expenses:

57 011	Miscellaneous Expenses (Specify)		
	- Employee Assistance Program	<u>\$ 8,871</u>	<u>\$ 1,392</u>

School District # 4
Stephenville - Port aux Basques
 Details of Property and Equipment
 Year Ended June 30, 1999

	Balance June 30, 1998	Additions	Disposals	Balance June 30, 1999
12 210 Land and Sites				
211 Land and Sites	\$ 321,634	\$ --	\$ --	\$ 321,634
12 220 Buildings				
221 Schools	67,796,181	--	--	67,796,181
222 Administration	187,581	--	--	187,581
223 Residential	135,993	--	--	135,993
224 Recreational	--	--	--	--
225 Other (Specify)	--	--	--	--
	<u>68,119,755</u>	<u>--</u>	<u>--</u>	<u>68,119,755</u>
12 230 Furniture and Equip.				
231 Schools	4,472,315	13,284	--	4,485,599
232 Administration	126,618	--	--	126,618
233 Residential	1,534	--	--	1,534
234 Recreation	5,746	--	--	5,746
235 Other (Specify)	<u>3,912</u>	<u>1,538</u>	<u>--</u>	<u>5,450</u>
	<u>4,610,125</u>	<u>14,822</u>	<u>--</u>	<u>4,624,947</u>
12 240 Vehicles				
241 Service Vehicles	<u>112,119</u>	<u>--</u>	<u>--</u>	<u>112,119</u>
12 250 Pupil Transportation				
251 Land	--	--	--	--
252 Building	--	--	--	--
253 Vehicles - Buses	--	--	--	--
254 - Service	--	--	--	--
255 Equipment	--	--	--	--
256 Other (Specify)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
12 260 Misc. Capital Assets -				
261 Other (Specify)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Property and Equipment	<u>\$ 73,163,633</u>	<u>\$ 14,822</u>	<u>\$ --</u>	<u>\$ 73,178,455</u>

School District # 4
Stephenville - Port aux Basques

Details of Long-term Debt
Year Ended June 30, 1999

Bank loans, mortgage and debentures,
approved by the District and the Government
of Newfoundland and Labrador

		<u>1999</u>	<u>1998</u>
22 210	Loans Other than Pupil Transportation		
	<u>Ref. #</u>		
211	Bank Loans		
	Repayable \$ _____ monthly, maturing _____	\$ --	\$ --
	Repayable \$ _____ monthly, maturing _____	--	--
	Repayable \$ _____ monthly, maturing _____	--	--
	Repayable \$ _____ monthly, maturing _____	--	--
	Repayable \$ _____ monthly, maturing _____	--	--
	Repayable \$ _____ monthly, maturing _____	--	--
	Total 211	--	--
212	Mortgages		
	Repayable \$ _____ monthly, maturing _____	--	--
	Repayable \$ _____ monthly, maturing _____	--	--
	Repayable \$ _____ monthly, maturing _____	--	--
	Repayable \$ _____ monthly, maturing _____	--	--
	Repayable \$ _____ monthly, maturing _____	--	--
	Repayable \$ _____ monthly, maturing _____	--	--
	Total 212	--	--
213	Debentures		
	Repayable \$ _____ monthly, maturing _____	--	--
	Repayable \$ _____ monthly, maturing _____	--	--
	Total 213	--	--
214	Other (Please Specify)	--	--
	Subtotal	--	--
215	Less Current Maturities	--	--
	Total Loans Other Than Pupil Transportation	--	--

School District # 4
Stephenville - Port aux Basques
 Summary of Long-term Debt
 Year Ended June 30, 1999

<u>Description</u>	<u>Ref. #</u>	<u>Rate</u>	<u>Balance Beginning of Year</u>	<u>Loans Obtained During Year</u>	<u>Principal Repayment for Year</u>	<u>Balance End of Year</u>
A) School Construction			\$ --	\$ --	\$ --	\$ --
B) Equipment			--	--	--	--
C) Service Vehicles			--	--	--	--
D) Other			--	--	--	--
E) Pupil Transportation			--	--	--	--
 Total Loans			<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

School District # 4
Stephenville - Port aux Basques
Schedule of Current Maturities
Year Ended June 30, 1999

<u>Description</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
A) School Construction	\$ --	\$ --	\$ --	\$ --	\$ --
B) Equipment	--	--	--	--	--
C) Service Vehicles	--	--	--	--	--
D) Other - Office	--	--	--	--	--
E) Pupil Transportation	--	--	--	--	--
Total	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

School District # 4
Stephenville - Port aux Basques

56 010

Schedule of Interest Expense
 Year Ended June 30, 1999

<u>Description</u>	<u>1999</u>	<u>1998</u>
012 Capital		
School Construction	\$ --	\$ --
Equipment	--	--
Service Vehicles	--	--
Other - Office	--	--
	<u>--</u>	<u>--</u>
Total Capital	<u>--</u>	<u>--</u>
013 Current - Operating Loans	12,252	10,258
014 - Supplier Interest Charges	<u>94</u>	<u>--</u>
Total Current	<u>12,346</u>	<u>10,258</u>
Total Interest Expense	<u>\$ 12,346</u>	<u>\$ 10,258</u>

School District # 4
Stephenville - Port aux Basques
 Supplementary Information
 Year Ended June 30, 1999

1.	<u>Cash</u>		<u>1999</u>	<u>1998</u>
	<u>Current</u>			
11 110	Cash on Hand and in Bank			
111	Cash on Hand	\$	100	\$ 100
112	Bank - Current		--	--
113	- Savings		--	--
114	- Teachers' Payroll		36,709	17,593
115	- Non-Teachers' Payroll		--	31,110
116	- Coupon (Debenture)		--	--
117	- Other (Specify) - Schools		--	48,872
	<u>Capital</u>			
11 210	Cash on Hand and in Bank			
211	Cash on Hand		--	--
212	Bank - Current		--	--
213	- Savings		--	--
214	- Other (Specify)		--	--
	Total Cash on Hand & in Bank		<u>\$ 36,809</u>	<u>\$ 97,675</u>
2.	<u>Short Term Investments</u>			
	<u>Current</u>			
11 121	Term Deposits	\$	--	\$ --
122	Canada Savings Bonds		--	--
123	Other (Specify)		--	--
	<u>Capital</u>			
11 221	Term Deposits		--	--
222	Canada Savings Bonds		--	--
223	Other (Specify)		--	--
	Total Short Term Investments		<u>\$ --</u>	<u>\$ --</u>

School District # 4
Stephenville - Port aux Basques
Supplementary Information
Year Ended June 30, 1999

3. <u>Prepaid Expenses</u>		<u>1999</u>	<u>1998</u>
<u>Current</u>			
11 141	Insurance	\$ --	\$ --
142	Municipal Service Fees	9,682	7,963
143	Supplies	--	31,770
144	Other (Specify) - Workers Compensation	36,880	34,375
	- Other	1,701	510
<u>Capital</u>			
11 241	Other (Specify)	--	--
		<u>\$ 48,263</u>	<u>\$ 74,618</u>

VISTA SCHOOL DISTRICT
Financial Statements / Auditor's Report
June 30, 1999

VISTA SCHOOL DISTRICT

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June 30, 1999

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AUDITOR'S REPORT

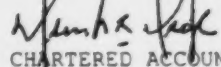
To the members of the VISTA SCHOOL DISTRICT:

I have audited the balance sheet of the current and capital funds of the VISTA SCHOOL DISTRICT as at June 30, 1999, and the related statements of current revenue, expenditures and District equity, and changes in financial and capital fund position for the year then ended. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Note 1c) indicates that the District is not depreciating, but rather reflecting at cost, capital assets acquired. The District contends that recording of depreciation would be difficult and costly and that the cost would exceed the benefit of the information provided. In this regard, the financial statements are not in accordance with generally accepted accounting principles for not-for-profit organizations. The amount of depreciation that would be provided if generally accepted accounting principles were followed is not reasonably determined.

In my opinion, except for the effects of the failure to record depreciation as described in the previous paragraph, these financial statements present fairly, in all material respects, the financial position of the District as at June 30, 1999, and the results of its operations and the changes in its fund position for the year then ended in accordance with generally accepted accounting principles except as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Districts in the Province of Newfoundland and Labrador by the Department of Education.


CHARTERED ACCOUNTANT

Clareville, Newfoundland
September 25, 1999

VISTA SCHOOL DISTRICT

Balance Sheet

June 30, 1999

	<u>1999</u>	<u>1998</u>
Assets		
Current Assets:		
Cash (Supp. Info. 1)	\$ 224	84
Short Term Investments (Supp. Info. 2)	-	-
Accounts Receivable (Note 2)	377,673	713,993
Prepaid Expenses (Supp. Info. 3)	<u>88,701</u>	<u>33,136</u>
Total Current Assets	<u>466,598</u>	<u>747,213</u>
Capital Assets (Schedule 8)	<u>36,258,084</u>	<u>35,824,201</u>
	<u>\$ 36,724,682</u>	<u>36,571,414</u>
<u>Liabilities and District Equity</u>		
Current Liabilities:		
Bank Indebtedness (Note 3)	\$ 548,144	508,559
Accounts Payable and Accrued (Note 4)	4,777,768	4,265,087
Current Maturities (Schedule 9B)	<u>17,643</u>	<u>10,000</u>
Total Current Liabilities	<u>5,343,555</u>	<u>4,783,646</u>
Long-Term Debt (Schedule 9)	<u>655,433</u>	<u>119,719</u>
District Equity:		
Investment In Capital Assets (Note 6)	35,577,670	35,687,144
District Equity (Deficit)	<u>(4,651,976)</u>	<u>(4,019,095)</u>
Total District Equity	<u>30,725,694</u>	<u>31,668,049</u>
	<u>\$ 36,724,682</u>	<u>36,571,414</u>

See Accompanying Notes

Approved: _____

Chairperson

Vicki Parsons

Secretary

VISTA SCHOOL DISTRICT

Statement of Current Revenue, Expenditures and District Equity

Year ended June 30, 1999

	<u>1999</u>	<u>1998</u>
Current Revenue (Schedule 1)		
Provincial Government Grants	23,671,804	23,328,182
Donations	15,067	-
Ancillary Services	9,367	11,144
Miscellaneous	<u>157,529</u>	<u>235,872</u>
	<u>23,853,767</u>	<u>23,575,198</u>
Current Expenditures		
Administration (Schedule 2)	903,212	871,718
Instruction (Schedule 3)	19,188,679	18,656,367
Operations and Maintenance (Schedule 4)	2,633,779	2,313,038
Pupil Transportation (Schedule 5)	1,840,431	1,801,154
Ancillary Services (Schedule 6)	-	-
Interest Expense (Schedule 9C)	30,158	12,646
Miscellaneous Expense (Schedule 7)	-	-
Provision for Doubtful Receivables	<u>6,392</u>	<u>63,958</u>
	<u>24,602,651</u>	<u>23,718,881</u>
23 111 Excess of Revenue over Expenditures (Expenditures over Revenue)	(748,884)	(143,683)
Transfer to (from) Capital	<u>83,997</u>	<u>67,952</u>
Net Increase (Decrease) in Board Equity	<u>(832,881)</u>	<u>(211,635)</u>
District Equity (Deficit):		
Beginning of year, as previously reported	(4,019,095)	(286,095)
Prior Period Adjustment (Note 8(d))	-	<u>(3,521,365)</u>
As Restated	<u>(4,019,095)</u>	<u>(3,807,460)</u>
End of year	<u>\$ (4,851,976)</u>	<u>(4,019,095)</u>

See Accompanying Notes

VISTA SCHOOL DISTRICT

Statement of Changes in Financial Position

Year ended June 30, 1999

		<u>1999</u>	<u>1998</u>
60	<u>Operating Activities</u>		
011	Excess of Revenues over Expenditures (Expenditures over Revenue)	\$ (748,884)	(143,683)
012	Changes in Non-Cash Working Capital	-	-
013	- Short-Term Investments	-	-
014	- Accounts Receivable	336,320	(426,694)
015	- Prepaid Expenses	(55,565)	7,303
016	- Accounts Payable and Accrued Expenses	512,681	95,437
017	- Current Maturities	-	-
018	Other	-	-
		<u>44,552</u>	<u>(467,637)</u>
61	<u>Financing Activities</u>		
011	Proceeds from Bank Loans	555,905	23,000
012	Grants - Capital	34,572	611,198
013	Other Capital Revenues	-	-
014	Changes in Long-Term Debt	(12,548)	(28,349)
015	Other	-	-
		<u>577,929</u>	<u>605,849</u>
62	<u>Investing Activities</u>		
011	Proceeds in Sale of Capital Assets	3,000	-
012	Additions to Capital Assets	(664,926)	(673,801)
013	Other	-	-
		<u>(661,926)</u>	<u>(673,801)</u>
63	Increase (decrease) in Cash	(39,445)	(535,589)
64	Cash, beginning of year	<u>(508,475)</u>	<u>27,114</u>
65	Cash, end of year	<u>\$ (547,920)</u>	<u>(508,475)</u>

See Accompanying Notes

VISTA SCHOOL DISTRICT

Statement of Changes in Capital Fund

Year ended June 30, 1999

	<u>1999</u>	<u>1998</u>
70 <u>Capital Receipts</u>		
71 <u>Proceeds from Bank Loans</u>		
011 - School Construction	\$ 407,126	-
012 - Equipment	-	-
013 - Service Vehicles	-	23,000
014 - Pupil Transportation	148,779	-
015 - Other	-	-
	<u>555,905</u>	<u>23,000</u>
72 <u>EIC Grants</u>		
011 - School Construction and Equipment	34,572	461,375
012 - Other	-	-
	<u>34,572</u>	<u>461,375</u>
73 <u>Donations</u>		
011 - Cash Receipts	-	-
012 - Non-Cash Receipts	-	-
013 - Restricted Use	-	-
	<u>-</u>	<u>-</u>
74 <u>Sale of Capital Assets - Proceeds</u>		
011 - Land	-	-
012 - Buildings	3,000	-
013 - Equipment	-	-
014 - Service Vehicles	-	-
015 - Pupil Transportation Vehicles	-	-
016 - Other	-	-
	<u>3,000</u>	<u>-</u>
75 <u>Other Capital Revenues</u>		
011 - Interest on Capital Fund Investments	-	-
012 - Premiums on Debentures	-	-
013 - Recoveries of Expenditures	-	-
015 - Insurance Proceeds	-	-
016 - Native Peoples Grants	-	-
017 - Miscellaneous - HRD Special Grants	-	21,323
- Dept. of Ed. - Computer Equipment	-	128,500
	<u>-</u>	<u>149,823</u>
Total Capital Receipts	<u>593,477</u>	<u>634,198</u>
77 Transfer from Reserve Account	-	-
78 Transfer from (to) Current Fund	<u>83,997</u>	<u>67,952</u>
Total	<u>\$ 677,474</u>	<u>702,150</u>

See Accompanying Notes

VISTA SCHOOL DISTRICT

Statement of Changes in Capital Fund (Cont'd)

Year ended June 30, 1999

		<u>1999</u>	<u>1998</u>
80	<u>Capital Disbursements</u>		
81	<u>Additions to Capital Assets</u>		
	011 - Land and Sites	\$ -	-
	012 - Buildings	436,218	463,751
	013 - Furniture and Equipment - Schools	62,850	170,301
	014 - Furniture and Equipment - Other	1,190	15,416
	015 - Service Vehicles	-	24,333
	016 - Pupil Transportation	164,668	-
	017 - Other	-	-
		<u>664,926</u>	<u>673,801</u>
82	<u>Principal Repayment of Long Term Debt</u>		
	011 - School Construction	-	-
	012 - Equipment	-	-
	013 - Service Vehicles	2,548	5,453
	014 - Other - Administration Building		
	Extension and Equipment	10,000	10,028
	Capital Lease	-	12,868
		<u>12,548</u>	<u>28,349</u>
83	<u>Miscellaneous Disbursements</u>		
	013 - Other	-	-
	<u>Total Capital Disbursements</u>	<u>\$ 677,474</u>	<u>702,150</u>

See Accompanying Notes

VISTA SCHOOL DISTRICT

Notes to the Financial Statements

Year ended June 30, 1999

1. Significant Accounting Policies:

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Districts. Fund accounting can be defined as "Accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Districts to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting, is as follows:

- (a) Grants received by the District are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the EIC (Education Investment Corporation) are recorded as capital revenues. Also amounts paid to construction companies from the EIC on behalf of the District for capital projects are treated as capital revenues.
- (b) Fixed asset additions are recorded at full cost in the capital fund.
- (c) The District does not calculate or record depreciation on any of its fixed assets.
- (d) Principal repayment of pupil transportation loans are recorded as Current Expenditures. All other principal repayment of bank loans are recorded as Capital Expenditures.

During 1998, the District received a directive from the Department instructing it to record accrued teachers' severance leave in the current financial statements. As this amount is included without any offsetting revenue amount, it violates the matching principle, a fundamental of generally accepted accounting principle.

VISTA SCHOOL DISTRICT

Notes to the Financial Statements

Year ended June 30, 1999

		1999	1998
2.	<u>Accounts Receivable:</u>		
	<u>Current</u>		
11	131 Provincial Government Grants	\$ 104,424	218,313
	132 Transportation	75,312	37,544
	133 Federal Government - Harmonized Sales Tax	118,103	101,597
	- Other	14,705	81,310
	136 Other School Districts	-	-
	137 Rent	-	-
	138 Interest	-	-
	139 Travel Advances and Miscellaneous	30,108	14,390
	Municipal Grant - Winter Games Complex	18,206	14,839
	<u>Capital</u>		
11	231 EIC - Construction Grants	16,815	283,727
	233 Local Contributions	-	-
	234 Other School Districts	-	-
	235 Other - HRD Grants	-	3,231
	- Bank Loan Proceeds	-	23,300
	- Allowance For Doubtful Accounts	-	(63,958)
		<u>\$ 377,673</u>	<u>713,993</u>
		1999	1998
3.	<u>Bank Indebtedness:</u>		
21	131 On Operating Credit	\$ 240,000	200,000
	132 On Capital Account	-	-
	On Current Account (Supp. Info. 1)		
	- General	307,644	308,559
	- Teachers' Payroll	500	-
	- US Account	-	-
		<u>\$ 548,144</u>	<u>508,559</u>

VISTA SCHOOL DISTRICT

Notes to the Financial Statements

Year ended June 30, 1999

		<u>1999</u>	<u>1998</u>
4.	<u>Accounts Payable and Accrued:</u>		
	<u>Current</u>		
21	111 Trade Payable	\$ 43,464	157,017
	112 Accrued - Liabilities	5,700	5,700
	113 - Interest	-	-
	114 - Wages	-	-
	- Severance Pay (Note 8(a))	362,497	347,837
	- Severance Pay (Note 8(d))	4,219,085	3,627,416
	- Vacation Pay (Note 8(a))	106,185	85,923
	115 Payroll Deductions	5,286	3,830
	116 Retail Sales Tax	-	-
	117 Deferred Grants	35,551	26,664
	118 Other	-	-
	<u>Capital</u>		
21	211 Trade Payable	-	10,700
	212 Accrued - Liabilities	-	-
	213 - Interest	-	-
	217 Deferred Grants	-	-
	218 Other	-	-
		<u>\$ 4,777,768</u>	<u>4,265,087</u>

5. **Reserve Account**

Current

There were no current reserves provided for in the years ended June 30, 1998 or 1999.

Capital

The operating agreement of the Winter Games Complex requires that 25 percent of the rental revenue collected be reserved for capital expenditures and enhancement of the facility.

	<u>1999</u>	<u>1998</u>
Balance, beginning of year (Note 8(e))	\$ 17,215	14,886
Current provision	2,267	2,329
Capital expenditures / enhancement during year	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 19,482</u>	<u>17,215</u>

VISTA SCHOOL DISTRICT

Notes to the Financial Statements

Year ended June 30, 1999

		<u>1999</u>	<u>1998</u>
6.	<u>Investment in Capital Assets:</u>		
	Beginning of Year (Note 8(e))	\$ 35,687,144	35,007,994
	Add :		
	Transfer of Operating Funds to Capital Fund	86,997	67,952
	Grants-EIC-Contribution for Capital Construction and Equipment	34,572	461,375
	-Dept. of Ed. - Computer Equipment	-	128,500
	-Human Resources Development	-	21,323
	Capital Projects funded by EIC but paid directly to other sources on behalf of District	-	-
	Donations	-	-
	Proceeds from Sale of Capital Assets		
	- Land	-	-
	- Buildings	-	-
	- Equipment	-	-
	- Vehicles	-	-
	- Other	-	-
	Interest on Capital Fund Investments	-	-
	Recoveries of Expenditures	-	-
	Insurance Proceeds - Capital	-	-
	Native Peoples Grants - Capital	-	-
	Principal Payment of Bussing Loans	-	-
		<u>35,808,713</u>	<u>35,687,144</u>
	Deduct Adjustments:		
	Cost of Assets Sold - Land	-	-
	- Buildings	231,043	-
	- Equipment	-	-
	- Vehicles	-	-
	- Other	-	-
		<u>231,043</u>	<u>-</u>
23	221 Investment in Capital Assets, End of Year	<u>\$ 35,577,670</u>	<u>35,687,144</u>

VISTA SCHOOL DISTRICT

Notes to the Financial Statements

Year ended June 30, 1999

7 Commitments:

At balance sheet date the District had the following commitments:

a) Lease of office and school equipment for the following which are accounted for as operating leases:

- Two photocopiers with a quarterly lease payment of \$ 1,085; matures 2000; buy out option of approximately 10 percent of original fair market value.
- Forty-six computers and accessories with a monthly lease payment of \$ 1,765; matures 2001; buy out option of 15 percent of original cost of the computers.
- Mailing machine with an annual lease payment of \$ 3,168; matures 2000.
- Postage meter with quarterly lease payments of \$ 109; matures 2000.
- Telephone system with monthly lease payment of \$ 378; matures 2002.
- One photocopier with quarterly lease payments of \$ 656; matures 2002.
- One photocopier with quarterly lease payments of \$ 1,311; matures 2002.
- One photocopier with quarterly lease payments of \$ 347; matures 2000.
- Telephone system with monthly lease payments of \$ 90; matures 2000.
- Telephone system with monthly lease payments of \$ 141; matures 2003.
- Telephone system with monthly lease payments of \$ 44; matures 2002.
- Telephone system with monthly lease payments of \$ 158; matures 2003.
- One photocopier with an annual lease payment of \$ 2530; matures 2001.
- One photocopier with an quarterly lease payments of \$ 465; matures 2001.
- Telephone system with monthly lease payments of \$ 358; matures 2004.
- Telephone system with monthly lease payments of \$ 1120; matures 2001.

b) School under construction:

During the current fiscal year, construction began on a new school located in Clareville. All administration related to this construction is the responsibility of the provincial Department of Works, Services and Transportation and cost incurred to balance sheet is not readily available. Therefore no amount is reflected in these financial statements related to this project. Upon completion, the total cost of the cost of the school and any related liability will be recorded in the Board's books and records.

VISTA SCHOOL DISTRICT

Notes to the Financial Statements

Year ended June 30, 1999

8. Other:

(a) Accrued Severance and Vacation Pay:

In August 1994, the Department of Education issued an accounting directive requiring all Districts to calculate and disclose in the financial statements the accrual of severance and vacation pay for Board employees.

(i) Accrued Severance Pay:

During the year an additional amount of \$ 30,815 was accrued as follows:

Administration	\$ 3,642
Secretarial	11,065
Maintenance	2,505
Janitorial	12,348
Pupil Transportation	1,155
Other	100

Severance paid to employees during the year ended June 30, 1999 were as follows:

Secretarial	\$ 7,249
Maintenance	8,906

The District also has recorded an account receivable from the Department of Education to offset the accrued severance liability recorded for pupil transportation employees. This decision was based on the policy of the Department to give the Board budget adjustments for bussing severance payments. An additional amount of \$ 1,155 has been recorded as an account receivable for the 1999 accrual.

(ii) Accrued Vacation Pay:

All vacation pay earned during the period is included in the applicable wage expense.

b) Bond Coverage:

At balance sheet date, the Insurance Division of Treasury Board carried fidelity bond coverage covering District employees as follows:

Assistant Director of Finance and Administration and District Employees (other than Secretaries)	\$ 100,000
Principals, Vice Principals and Secretaries	50,000

Based on our evaluation of the system of internal control and our overall knowledge of the District's operations, it is our opinion that this coverage is adequate.

VISTA SCHOOL DISTRICT

Notes to the Financial Statements

Year ended June 30, 1999

8. Other (continued):

(c) Educational reform:

Effective January 1, 1997, through educational reform, the District assumed the responsibility of the schools of St. Mark's All Grade School, King's Cove and St. Catherines Elementary School, Port Union from the former "The Roman Catholic School Board for Gander - Bonavista - Connaigre" and Our Saviour King School, Southern Harbour, from former "Western Avalon Roman Catholic School Board".

As at report date, there are ongoing negotiations between the Department of Education and all applicable Districts to assume the deficits of these former Boards. As these negotiations are not finalized, no provision for assumed deficits are recorded within these financial statements including the assets for the above applicable schools.

(d) Prior period adjustment:

During the prior year, the District received an accounting directive from the Department of Education to disclose in the financial statements the accrual of severance pay for the District's teachers. The total balance of \$ 3,627,416 as of June 30, 1998 was reported in these financial statements as an increase to teacher's wages for the prior year of \$106,051 and a prior period adjustment to equity for \$ 3,521,365.

(e) Opening balances:

Opening balances as of January 1, 1997 are comprised of amounts transferred from predecessor Boards.

(f) Uncertainty due to Year 2000 issue:

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on or after January, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's to conduct normal business operations. It is not possible to be certain that all aspects of the year 2000 Issue affecting the District, including those related to the efforts of its suppliers or other third parties, will be fully resolved.

VISTA SCHOOL DISTRICT

Schedule 1.

Current Revenues

Year ended June 30, 1999

		<u>1999</u>	<u>1998</u>
<u>Current Revenues</u>			
32	010 Provincial government Grants		
	011 Regular Operating Grants	\$ 3,610,400	3,653,500
	016 Special Grants (Details on bottom of Schedule 1)	814,830	337,017
	Salaries and Benefits		
	017 - Directors and Asst. Directors	237,027	273,383
	021 - Regular Teachers	16,641,780	16,662,311
	022 - Substitute Teachers	499,837	574,143
	030 Pupil Transportation		
	031 - Board Owned	163,390	117,216
	032 - Contracted	1,499,667	1,522,853
	033 - Handicapped	177,373	160,259
	- Other	27,500	27,500
		<u>23,671,804</u>	<u>23,328,182</u>
33	010 Donations		
	012 Cash Receipts	-	-
	013 Non-Cash Receipts	-	-
	014 Restricted Use	15,067	-
		<u>15,067</u>	<u>-</u>
34	010 Ancillary Services		
	011 Revenues from Rental of Residences	-	-
	021 Revenues from Rental of Schools and Facilities (Net)	9,367	11,144
	031 Cafeterias	-	-
	032 Other	-	-
		<u>9,367</u>	<u>11,144</u>

Continued...

VISTA SCHOOL DISTRICT

Schedule 1.
(Continued)

Current Revenues

Year ended June 30, 1999

		<u>1999</u>	<u>1998</u>
35	010 Miscellaneous		
	011 Interest on investments	\$ 3,299	5,256
	012 Bus Charters	-	-
	021 Recoveries of Expenditures	-	-
	031 Revenues from Other School Districts	-	-
	051 Insurance Proceeds	-	-
	061 Bilingual Education Revenue	-	-
	071 Operating Revenue from Native Peoples Grant	-	-
	081 Miscellaneous Federal Grants	112,766	203,321
	091 Textbooks	-	-
	092 Sundry	3,186	3,456
	093 Grant - Pentecostal Assemblies	-	-
	- Literacy Development Council	2,236	-
	- Winter Games Complex-Municipal	18,206	14,839
	- MUN	<u>17,836</u>	<u>9,000</u>
		<u>157,529</u>	<u>235,872</u>
	Total Current Revenues	<u>\$ 23,853,767</u>	<u>23,575,198</u>
	<u>Special Grants</u>		
	French Monitor	\$ 13,322	16,318
	French Co-ordinator	-	-
	French Immersion	-	-
	French Materials	6,657	7,788
	School Board Election Grant	-	32,761
	Alternate Text	-	-
	Textbook Credit Allocation	4,136	4,728
	School Tax Equalization	-	-
	Other - Winter Games Complex	32,366	26,380
	- Student Assistant Wages	294,262	99,339
	- Air Quality	89,462	-
	- Stem Net	5,878	4,751
	- Tutoring For Tuition	5,390	2,860
	- Emergency roof repairs	-	33,375
	- Negotiations reimbursement	-	4,163
	- Wage Parity	<u>90,989</u>	<u>70,311</u>
	- Repairs and maintenance	265,475	-
	- Early Literacy Initiative	6,893	-
	- Extra Grant - Court Ruling	-	34,243
		<u>\$ 814,830</u>	<u>337,017</u>

See Accompanying Notes

VISTA SCHOOL DISTRICT

Schedule 2.

Administration Expenditures

Year ended June 30, 1999

	<u>1999</u>	<u>1998</u>
51 Salaries and Benefits		
011 - Directors and Assistant Directors	\$ 237,027	273,383
012 - District Office Personnel	384,660	322,379
013 Office Supplies	19,034	17,744
014 Replacement Furniture and Equipment	2,663	8,426
015 Postage	12,304	10,641
016 Telephone	34,537	35,135
017 Office Equipment Rentals and Repairs	58,474	24,346
018 Bank Charges	4,716	5,096
019 Electricity	7,274	7,716
021 Fuel	-	-
022 Insurance	-	-
023 Repairs and Maintenance (Office Building)	3,274	5,120
024 Travel	44,043	38,575
025 Board Meeting Expenses	8,213	13,514
026 Election Expenses	-	22,761
027 Professional Fees	26,373	17,811
028 Advertising	22,460	24,350
029 Membership Dues	23,099	22,285
031 Municipal Service Fees	1,320	-
032 Rental of Office Space	-	-
033 Relocation Expenses	-	-
034 Miscellaneous	3,984	4,113
035 Payroll Tax	6,115	5,163
036 Severance Pay (Note 8(a))	<u>3,642</u>	<u>13,160</u>
Total Administration Expenditures	<u>\$ 903,212</u>	<u>871,718</u>

See Accompanying Notes

VISTA SCHOOL DISTRICT

Schedule 3.

Instruction Expenditures

Year ended June 30, 1999

			<u>1999</u>	<u>1998</u>
52	010	Instructional Salaries (Gross)		
	011	Teachers' Salaries - Regular	\$ 17,233,449	16,768,361
	012	- Substitute	499,837	558,731
	013	- District Paid	-	-
	014	Augmentation	-	-
	015	Employee Benefits	-	-
	016	School Secretaries - Salaries and		
		Benefits	360,199	356,050
	017	- Payroll Tax	5,691	6,010
	018	Other - Severance Pay (Note 8(a))	11,065	9,827
		Student Assistant - Wages and Benefits	294,262	100,779
		- Payroll Tax	-	1,486
			<u>18,404,503</u>	<u>17,801,244</u>
52	040	Instructional Materials		
	041	General Supplies	83,277	73,688
	042	Library Resource Materials	36,024	36,249
	043	Teaching Aids	66,392	76,558
	044	Textbooks	-	-
			<u>185,693</u>	<u>186,495</u>
52	060	Instructional Furniture and Equipment		
	061	Replacement	38,968	33,572
	062	Rentals and Repairs	212,620	255,385
			<u>251,588</u>	<u>288,957</u>
52	080	Instructional Staff Travel		
	081	Program Co-ordinators	43,954	37,427
	082	Teachers' Travel	4,287	2,824
	083	Inservice and Conferences	42,510	42,330
			<u>90,751</u>	<u>82,581</u>
52	090	Other Instructional Costs		
	091	Postage and Stationery	2,562	4,767
	092	Miscellaneous	65,377	42,492
		Funded Projects - Federal	115,693	209,442
		- Other	72,512	40,389
			<u>256,144</u>	<u>297,090</u>
		Total Instruction Expenditures	<u>\$ 19,188,679</u>	<u>18,656,367</u>

See Accompanying Notes

VISTA SCHOOL DISTRICT

Schedule 4.

Operations and Maintenance Expenditures - Schools

Year ended June 30, 1999

		<u>1999</u>	<u>1998</u>
53	011 Salaries and Benefits - Janitorial	\$ 875,311	806,147
	012 - Maintenance	171,362	201,728
	013 Payroll Tax	16,290	16,808
	014 Electricity	591,237	647,759
	015 Fuel	45,951	64,653
	016 Municipal Service Fee	31,774	27,653
	017 Telephone	122,156	122,235
	018 Vehicle Operating and Travel	23,608	22,375
	019 Janitorial Supplies	61,198	51,020
	021 Janitorial Equipment	-	-
	022 Repairs and Maintenance - Buildings	582,253	238,985
	023 - Equipment	6,046	3,992
	024 Contracted Services - Janitorial	32,209	32,199
	025 Snow Clearing	57,842	53,848
	026 Rentals	-	-
	027 Severance Pay - Janitorial (Note 8(a))	12,348	19,957
	- Maintenance (Note 8(a))	2,505	3,183
	Other - Professional Fees (Complex)	551	496
	- Special Events (Complex)	<u>1,138</u>	<u>-</u>
	Total Operations and Maintenance	<u>\$ 2,633,779</u>	<u>2,313,038</u>

See Accompanying Notes

VISTA SCHOOL DISTRICT

Schedule 5.

Pupil Transportation Expenditures

Year ended June 30, 1999

		<u>1999</u>	<u>1998</u>
54	010 Operation and Maintenance of Board Owned Fleet		
	011 Salaries and Benefits		
	- Administration	\$ -	-
	012 - Drivers and Mechanics	80,017	63,667.
	013 Payroll Tax	1,198	1,020
	014 Debt Repayment - Interest	1,339	-
	015 - Principal	-	-
	016 Bank Charges	-	-
	017 Gas and Oil	29,686	24,130
	018 Licences	3,476	2,177
	019 Insurance	975	1,425
	021 Repairs and Maintenance - Fleet	39,096	20,864
	022 - Building	-	-
	023 Tires and Tubes	-	-
	024 Heat and Light	-	-
	025 Municipal Service	-	-
	026 Snow Clearing	72	-
	027 Office Supplies	-	-
	028 Rent	-	-
	029 Travel	5,440	2,293
	031 Professional Fees	937	827
	032 Miscellaneous	-	-
	033 Telephone	-	-
	034 Vehicle Leases	-	-
	Severance Pay (Note 8(a))	<u>1,155</u>	<u>1,640</u>
		<u>163,391</u>	<u>118,043</u>
54	040 Contracted Services		
	041 Regular Transportation	1,499,667	1,522,852
	042 Handicapped	<u>177,373</u>	<u>160,259</u>
		<u>1,677,040</u>	<u>1,683,111</u>
	Total Pupil Transportation Expenditures	<u>\$ 1,840,431</u>	<u>1,801,154</u>

See Accompanying Notes

VISTA SCHOOL DISTRICT

Schedule 6.

Ancillary Services and Miscellaneous Expenses

Year ended June 30, 1999

		<u>1999</u>	<u>1998</u>
<u>Ancillary Services</u>			
The District owns and operates the following ancillary services:			
None			
55	Ancillary Services		
011	Operation of Teachers' Residences	\$ -	-
031	Cafeterias	-	-
032	Other	-	-
		<u>\$ -</u>	<u>-</u>

Schedule 7.

		<u>1999</u>	<u>1998</u>
<u>Miscellaneous Expenses</u>			
The District has incurred the following miscellaneous expenses:			
None			
57	011 Miscellaneous Expense	<u>\$ -</u>	<u>-</u>

See Accompanying Notes

VISTA SCHOOL DISTRICT

Schedule 8.

Details of Capital Assets

Year ended June 30, 1999

			<u>1998</u>	<u>Additions</u>	<u>Disposals</u>	<u>1999</u>
12	210	Land and Sites				
	211	Land and Sites	\$ -	-	-	-
12	220	Buildings				
	221	Schools	31,070,024	436,218	231,043	31,275,199
	222	Administration	280,098	-	-	280,098
	223	Residential	-	-	-	-
	224	Recreational	-	-	-	-
	225	Other	-	-	-	-
			<u>31,350,122</u>	<u>436,218</u>	<u>231,043</u>	<u>31,555,297</u>
12	230	Furniture and Equipment				
	231	Schools	3,662,559	62,850	-	3,725,409
		- Capital Lease	-	-	-	-
	232	Administration	378,361	1,190	-	379,551
		- Capital Lease	-	-	-	-
	233	Residential	-	-	-	-
	234	Recreation	-	-	-	-
	235	Other	-	-	-	-
			<u>4,040,920</u>	<u>64,040</u>	<u>-</u>	<u>4,104,960</u>
12	240	Vehicles				
	241	Service Vehicles	<u>77,210</u>	<u>-</u>	<u>-</u>	<u>77,210</u>
12	250	Pupil Transportation				
	251	Land	-	-	-	-
	252	Building	-	-	-	-
	253	Vehicles				
		- Buses	242,018	164,668	-	406,686
	254	- Service	-	-	-	-
	255	Equipment	-	-	-	-
	256	Other	-	-	-	-
			<u>242,018</u>	<u>164,668</u>	<u>-</u>	<u>406,686</u>
12	260	Misc. Capital Assets				
	261	Other				
		- Resource Centre	<u>113,931</u>	<u>-</u>	<u>-</u>	<u>113,931</u>
		Total Capital Assets	<u>\$ 35,824,201</u>	<u>664,926</u>	<u>231,043</u>	<u>36,258,084</u>

See Accompanying Notes

Year ended June 30, 1999

1999

1998

Bank loans, mortgages and debentures,
approved by the District and the Government
of Newfoundland and Labrador.

22	210	Loans Other than Pupil Transportation
----	-----	---------------------------------------

Ref. #

211 Bank Loans

2211 No set terms of repayment

407,126

—

2229 Repayable \$ 883 monthly, maturing 2007

96,719

106,719

Total 211

503,845

106,719

212 Mortgages

—

213 Debentures

—

—

214 Other

2224 Service Vehicle

Repayable \$ 637 monthly maturing 2002

20,452

23,000

2228

Subtotal

524,297

129,719

215 Less: Current Maturities

17,643

10,000

Total Loans Other Than Pupil
Transportation

506,654

119,719

Continued...

VISTA SCHOOL DISTRICT
Details of Long-Term Debt
Year ended June 30, 1999

Schedule 9.
(Continued)

		<u>1999</u>	<u>1998</u>
22	220 Loans - Pupil Transportation		
	<u>Ref. #</u>		
	221 Vehicle Bank Loans		
	2222 No set terms of repayment	148,779	-
	222 Land, Buildings, and Equipment Bank Loans	-	-
	Subtotal	<u>148,779</u>	<u>-</u>
	223 Less: Current Maturities	-	-
	Total Loans - Pupil Transportation	<u>148,779</u>	<u>-</u>
	Total Long-Term Debt	<u>\$ 655,433</u>	<u>119,719</u>

See Accompanying Notes

VISTA SCHOOL DISTRICT

Schedule 9A.

Summary of Long-Term Debt

Year ended June 30, 1999

<u>Description</u>	<u>Ref #</u>	<u>Rate</u>	<u>Balance Beginning of Year (Note 8(e))</u>	<u>Loans Obtained During Year</u>	<u>Principal Repayment for Year</u>	<u>Balance End of Year</u>
A) School Construction	2211	Prime \$	-	407,126	-	407,126
B) Equipment	2213	Prime	-	-	-	-
C) Service Vehicles	2224	Prime	23,000	-	2,548	20,452
D) Other	2229	Prime	106,719	-	10,000	96,719
E) Pupil Transportation	2222	Prime	-	148,779	-	148,779
Total Loans			<u>\$ 129,719</u>	<u>555,905</u>	<u>12,548</u>	<u>673,076</u>

See Accompanying Notes

VISTA SCHOOL DISTRICT

Schedule 9B.

Schedule of Current Maturities

Year ended June 30, 1999

<u>Description</u>	<u>Ref #</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
A) School Construction	2211	\$ -	-	-	-	-
B) Equipment	2213	-	-	-	-	-
C) Service Vehicles	2224	7,643	7,643	5,166	-	-
D) Other	2229	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
		17,643	17,643	15,166	10,000	10,000
E) Pupil Transportation	2222	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total		<u>\$ 17,643</u>	<u>17,643</u>	<u>15,166</u>	<u>10,000</u>	<u>10,000</u>

See Accompanying Notes

VISTA SCHOOL DISTRICT
Schedule of Interest Expense
Year ended June 30, 1999

Schedule 9C.

		<u>1999</u>	<u>1998</u>
56	010 <u>Description</u>		
	012 Capital		
	School Construction	\$ 5,607	-
	Equipment	-	-
	Service Vehicles	461	121
	Other	<u>6,841</u>	<u>6,752</u>
	Total Capital	<u>12,909</u>	<u>6,873</u>
	013 Current		
	Operating Loans	17,249	5,773
	Supplier Interest Charges	<u>-</u>	<u>-</u>
	Total Current	<u>17,249</u>	<u>5,773</u>
	Total Interest Expense	<u>\$ 30,158</u>	<u>12,646</u>

See Accompanying Notes

VISTA SCHOOL DISTRICT

Supplementary Information

Year ended June 30, 1999

		<u>1999</u>	<u>1998</u>
1.	<u>Cash</u>		
	<u>Current</u>		
11	110 Cash on Hand and in Bank		
	111 Cash on Hand	\$ -	-
	112 Bank - Current	-	-
	113 - Savings	-	-
	114 - Teachers' Payroll	-	-
	115 - Non-Teachers' Payroll	-	-
	116 - Coupon (Debenture)	-	-
	117 - Other	224	84
	<u>Capital</u>		
11	210 Cash on Hand and in Bank		
	211 Cash on Hand	-	-
	212 Bank - Current	-	-
	213 - Savings	-	-
	214 - Other	-	-
	Total Cash on Hand and in Bank	<u>\$ 224</u>	<u>84</u>

The District uses one bank account for both current operating and capital purposes.

		<u>1999</u>	<u>1998</u>
2.	<u>Short Term Investments</u>		
	<u>Current</u>		
11	121 Term Deposits	\$ -	-
	122 Canada Savings Bonds	-	-
	123 Other	-	-
	<u>Capital</u>		
11	221 Term Deposits	-	-
	222 Canada Savings Bonds	-	-
	223 Other	-	-
	Total Short Term Investments	<u>\$ -</u>	<u>-</u>

VISTA SCHOOL DISTRICT
Supplementary Information
Year ended June 30, 1999

		<u>1999</u>	<u>1998</u>
3.	<u>Prepaid Expenses</u>		
	<u>Current</u>		
11	141 Insurance	\$ -	-
	142 Municipal Service Fees	-	-
	143 Supplies	40,036	33,136
	144 Other	-	-
	<u>Capital</u>		
11	241 Other	<u>48,665</u>	<u>-</u>
		<u>\$ 88,701</u>	<u>33,136</u>

Grant Thornton LLP
Chartered Accountants
Canadian Member Firm of
Grant Thornton International

Grant Thornton 

**Western Health Care
Corporation**
- Operating Fund
Financial Statements
March 31, 2000

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Auditors' Report

To the Members of the Board of
Western Health Care Corporation

We have audited the balance sheet of Western Health Care Corporation - Operating Fund as at March 31, 2000 and the statements of changes in net assets, operations and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

Comer Brook, Newfoundland
June 18, 2000

Grant Thornton LLP
Chartered Accountants

Western Health Care Corporation
Operating Fund
Balance Sheet

March 31

2000

1999

Assets

Current

Receivables (Note 3)	\$ 9,556,262	\$ 30,142,655
Inventory	2,213,877	2,282,130
Prepaid expenses	2,941,842	2,537,319
Due from Health and Community Services Western	<u>182,091</u>	<u>-</u>
	14,894,072	34,962,104

Due from associated funds (Note 4)	2,165,611	2,176,842
Capital assets (Note 5)	27,625,712	24,276,165
Trust funds on deposit	<u>397,757</u>	<u>348,888</u>
	<u>\$ 45,083,152</u>	<u>\$ 61,763,999</u>

Liabilities

Current

Bank indebtedness (Note 6)	\$ 11,413,102	\$ 22,518,126
Payables and accruals (Note 7)	10,423,096	11,375,778
Due to Health and Community Services Western	-	234,606
Deferred contributions - operating	407,466	1,164,530
Deferred contributions - capital	5,510,740	5,265,224
Vacation pay accrual	3,203,710	2,939,816
Current portion of long term debt	<u>152,400</u>	<u>141,300</u>
	31,110,514	43,639,280

Deferred contributions - capital	23,820,097	19,927,819
Severance pay accrual	13,633,629	12,687,351
Trust funds payable	397,757	348,888
Long term debt (Note 8)	<u>4,409,871</u>	<u>4,562,436</u>
	<u>73,371,868</u>	<u>81,165,774</u>

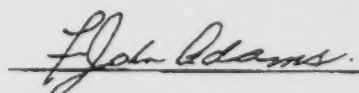
Net Assets

Net assets invested in capital assets	(1,209,985)	(720,057)
Unrestricted net assets	<u>(27,078,731)</u>	<u>(18,681,718)</u>
	<u>(28,288,716)</u>	<u>(19,401,775)</u>
	<u>\$ 45,083,152</u>	<u>\$ 61,763,999</u>

Contingencies and commitments (Note 11)

On behalf of the Board:

 Member

 Member

See accompanying notes to the financial statements.

Western Health Care Corporation
Operating Fund
Statement of Changes in Net Assets

March 31	Operating	Capital	2000 Total	1999 Total
Balance, beginning of year	\$ (18,681,718)	\$ (720,057)	\$ (19,401,775)	\$ (25,107,922)
Excess of revenue over expenditures (expenditures over revenue)	(8,886,941)	-	(8,886,941)	3,845,539
Amortization of capital assets	2,730,077	(2,730,077)	-	-
Amortization of deferred contributions - capital	(2,187,348)	2,187,348	-	-
Provincial plan revenue - mortgage repayments	(52,801)	52,801	-	-
Special deficit funding	-	-	-	1,860,608
Balance, end of year	<u>\$ (27,078,731)</u>	<u>\$ (1,209,985)</u>	<u>\$ (28,288,716)</u>	<u>\$ (19,401,775)</u>

See accompanying notes to the financial statements.

Western Health Care Corporation
Operating Fund
Statement of Operations

Year Ended March 31	2000	1999
Revenue		
Provincial Plan	\$ 87,012,216	\$ 82,211,413
Other	<u>20,722,782</u>	<u>19,062,360</u>
	<u>107,734,998</u>	<u>101,273,773</u>
Expenditures		
Administrative and support services	39,228,776	37,113,368
Nursing services	43,337,520	39,538,571
Ambulatory care services	7,701,767	7,081,186
Diagnostic and therapeutic services	10,977,636	9,562,908
Medical services	9,141,820	7,215,866
Educational services	3,281,386	2,353,286
General services	<u>1,252,935</u>	<u>1,463,139</u>
	<u>114,921,840</u>	<u>104,328,324</u>
Operating deficit before other items (Note 10)	<u>(7,186,842)</u>	<u>(3,054,551)</u>
Other items		
Special funding to cover prior years' operating deficits		(8,706,163)
Increase in severance and vacation pay accrual	1,210,171	1,086,016
Amortization of capital assets	2,730,077	2,788,639
Amortization of deferred contributions – capital	(2,187,348)	(2,020,450)
Provincial plan revenue – mortgage repayments	<u>(52,801)</u>	<u>(48,132)</u>
	<u>1,700,099</u>	<u>(6,900,090)</u>
Excess of revenue over expenditures (expenditures over revenue)	<u>\$ (8,886,941)</u>	<u>\$ 3,845,539</u>

See accompanying notes to the financial statements.

Western Health Care Corporation
Operating Fund
Statement of Cash Flows

Year Ended March 31

2000

1999

Cash derived from (applied to)

Operations

Excess of revenue over expenditures

(expenditures over revenue)

\$ (8,886,941) \$ 3,845,539

Increase in severance and vacation pay accrual

1,210,171 1,088,016

Amortization of capital assets

2,730,077 2,788,639

Amortization of deferred contributions - capital

(2,187,348) (2,020,450)

(7,134,041) 5,699,744

Changes in

Receivables

20,586,393 (26,510,723)

Inventory

68,253 (204,577)

Prepaid expenses

(404,523) (125,021)

Due from associated funds

(405,366) (518,106)

Payables and accruals

(1,709,744) 2,980,101

11,000,972 (18,678,582)

Financing

Capital contributions

6,325,142 13,044,500

Repayment of long term debt

(141,465) (129,223)

6,183,677 12,915,277

Investing

Purchase of capital assets

(6,079,625) (1,918,952)

Net increase (decrease) in cash

11,105,024 (7,682,257)

Bank indebtedness, beginning of year

(22,518,126) (14,835,869)

Bank indebtedness, end of year

\$ (11,413,102) \$ (22,518,126)

See accompanying notes to the financial statements.

Western Health Care Corporation

Operating Fund

Notes to the Financial Statements

March 31, 2000

1. Nature of operations

The Western Health Care Corporation ("the Corporation") was constituted under the Hospital's Act (Western Health Care Corporation) Constitution Order and is responsible for the management and control of the operations of acute and long term care facilities in the western region of the province of Newfoundland and Labrador. The Corporation assumed responsibility for these facilities effective January 1, 1996. The institutions are as follows:

Western Memorial Regional Hospital, including Western Linen Services
Bonne Bay Hospital Division
Dr. J. I. O'Connell Centre
Calder Health Care Centre
Rufus Guinchard Health Care Centre
Bay St. George Senior Citizens Home
Sir Thomas Roddick Hospital
Dr Charles L. Legrow Health Centre
Interfaith Home for Senior Citizens

The Western Health Care Corporation is a registered charity and consequently is exempt under the Income Tax Act.

2. Summary of significant accounting policies

The financial statements of the Corporation have been prepared within the framework of generally accepted accounting principles which requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the Corporation are as follows:

Basis of presentation

The Corporation applies fund accounting principles as follows:

The Operating Fund contains the assets, liabilities, revenue and expenditure of the Corporation related to the provision of hospital services, which are funded by the Department of Health.

The Board of Trustees Fund contains special purpose assets and those which may be expended at the discretion of the Board. Revenue consists mainly of investment income and revenue not directly related to hospital operations. Expenditures of this fund consist of hospital operating expenditures not shared by government and those approved by the Board.

The Board of Trustees Fund financial statements are presented separately as well as included in the combined financial statements of the Board.

Western Health Care Corporation

Operating Fund

Notes to the Financial Statements

March 31, 2000

2. Summary of significant accounting policies (cont'd)

Inventory

Inventory is valued at average cost on a first-in, first-out basis.

Capital assets

The Corporation has control over certain assets for which title resides with the Government of Newfoundland and Labrador. These assets have not been recorded in the financial statements of the Corporation. Capital assets acquired after January 1, 1996 are recorded at cost. These assets are amortized on a declining balance basis at the following rates:

Land improvements	2 ½%
Buildings	6 ½%
Equipment	15%
Equipment under Capital Leases	15%
Vehicles	20%

Capital and operating leases

A lease that transfers substantially all of the risks and rewards incidental to the ownership of property is accounted for as a capital lease. Assets acquired under capital lease result in a capital asset and an obligation being recorded equal to the lesser of the present value of the minimum lease payments and the property's fair value at the time of inception. All other leases are accounted for as operating leases and the related payments are expensed as incurred.

Severance pay liability

An accrued severance pay liability is recorded in the accounts for all employees who have a vested right to receive such payments. Severance pay vests after nine years of continuous service and no provision has been made for employees with less than nine years.

Revenue recognition

Provincial plan revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred contributions - operating.

Unrestricted cash donations are recognized as revenue when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

Western Health Care Corporation
Operating Fund
Notes to the Financial Statements

March 31, 2000

2. Summary of significant accounting policies (cont'd)

Capital contributions expended are recorded as deferred contributions and amortized to income on a declining balance basis using the same rates as depreciation expense related to the capital assets purchased. Capital contributions expended for non-depreciable capital assets are recorded as direct increases in net assets. Non-expended capital contributions are deferred and are not amortized until expended.

Revenue from the sale of goods and services is recognized at the time the goods are delivered or the services are provided.

3. Receivables	2000	1999
Province of Newfoundland		
Capital contributions	\$ 3,738,706	\$ 4,151,828
Provincial Plan	2,776,578	7,205,944
Special Funding	120,000	15,480,000
Severance funding	124,400	164,369
Patient services	707,026	689,042
Employees pay and travel advances	781,855	822,736
Harmonized sales tax rebate	286,326	322,559
Medical Care Commission	-	880,972
Other	1,021,371	445,205
	<u>\$ 9,556,262</u>	<u>\$ 30,142,655</u>

4. Due from associated funds	2000	1999
Board of Trustees Fund	\$ 2,104,642	\$ 2,052,154
Cottages	36,346	22,320
Associated Foundations	24,623	102,368
	<u>\$ 2,165,611</u>	<u>\$ 2,176,842</u>

Amounts due from associated funds are non-interest bearing with no set terms of repayment.

Western Health Care Corporation
Operating Fund
Notes to the Financial Statements

March 31, 2000

5. Capital assets

2000

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$ 289,971	\$ -	\$ 289,971
Equipment under capital lease	621,070	236,504	384,566
Buildings	23,136,279	9,659,472	13,476,807
Parking lot	283,340	128,218	155,122
Equipment	34,678,049	21,395,588	13,283,461
Motor vehicles	<u>231,567</u>	<u>195,782</u>	<u>35,785</u>
	<u>\$ 59,241,276</u>	<u>\$ 31,615,564</u>	<u>\$ 27,625,712</u>

1999

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$ 289,971	\$ -	\$ 289,971
Equipment under capital lease	621,070	168,640	452,430
Buildings	22,047,238	8,869,673	13,177,665
Parking lot	283,340	124,241	159,099
Equipment	29,688,486	19,536,197	10,152,289
Motor vehicles	<u>231,567</u>	<u>186,836</u>	<u>44,731</u>
	<u>\$ 53,161,662</u>	<u>\$ 28,885,487</u>	<u>\$ 24,276,165</u>

6. Bank indebtedness

The Corporation has signed an overdraft lending agreement with interest being charged at prime less 0.5% on any overdraft (March 31, 2000 - 6.5%; March 31, 1999 - 6.25%).

Western Health Care Corporation
Operating Fund
Notes to the Financial Statements

March 31, 2000

7. Payables and accruals	2000	1999
Accounts payable and accrued liabilities	\$ 9,760,828	\$ 11,055,135
Medical Care Commission	341,695	-
Provincial Plan	320,573	320,643
	<u>\$ 10,423,096</u>	<u>\$ 11,375,778</u>

The repayment of the Provincial Plan Payable is contingent upon final settlement for the years 1984 to 1992, which could then result in an adjustment to the amount recorded.

8. Long term debt	2000	1999
10.695% bank loan, maturing in 2021, payable in blended monthly payments of \$21,205.	\$ 2,164,138	\$ 2,190,850
8% mortgage, maturing in 2026, payable in blended monthly payments of \$9,523.	1,271,893	1,285,425
7.875% loan, maturing in 2022, repayable in blended monthly payments of \$6,056.	766,404	779,138
Obligation under capital lease, 9%, maturing in 2003, payable in blended monthly payments of \$9,672.	344,063	420,168
Obligations under capital lease, 10%, maturing in 2000, payable in blended quarterly payments of \$2,064.	5,920	13,118
Obligations under capital lease, 6%, maturing in 2001, payable in blended quarterly payments of \$1,494.	<u>9,853</u>	<u>15,037</u>
	4,562,271	4,703,736
Less: Amount payable within one year	<u>152,400</u>	<u>141,300</u>
	<u>\$ 4,409,871</u>	<u>\$ 4,562,436</u>

As security for the mortgages and bank loan, the Corporation has provided a first mortgage over land and buildings at the Corner Brook Interfaith Home and the Bay St. George Senior Citizens Home.

As security for capital leases the Corporation has provided certain specific capital equipment.

Western Health Care Corporation
Operating Fund
Notes to the Financial Statements

March 31, 2000

9. Obligations under long term debt and leases

The Corporation has acquired building additions and equipment under the terms of long term debt and capital leases. Payments under these obligations, scheduled to expire at various dates to 2005, are as follows:

Fiscal year ended

2001	\$ 152,400
2002	158,500
2003	168,500
2004	147,200
2005	<u>83,400</u>
Less: current portion	<u>152,400</u>
	<u>\$ 557,600</u>

10. Transfer to Board of Trustees Funds

In accordance with the Department of Health's budget plan, the accumulated surplus (deficit) of all Provincial Health Boards was to remain in the Operating Funds for the March 31, 1997 to March 31, 1999 fiscal periods. Subsequent to March 31, 1999, the Department of Health was to review the results of the three years operations and provide further guidance to all Boards. As at the date of release of these financial statements, the Department of Health has not completed its review and, as such, these financial statements do not include any transfers of surpluses or deficits from the Operating Fund to the Board Fund for the March 31, 1997 to March 31, 2000 fiscal periods.

11. Contingencies and commitments

The corporation has received notice of claims related to employment and other contractual issues. The final outcome of these claims is not readily determinable at this time.

12. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Western Health Care Corporation
Expenditures – Operating/Shareable
Schedule 1A

March 31, 2000

Administration	
General administration	\$ 4,787,098
Finance	1,281,379
Personnel services	1,478,450
System support	805,058
Other administrative	<u>3,104,418</u>
Total administration	<u>11,456,403</u>
Support services	
Housekeeping	6,582,662
Laundry & linen	1,980,402
Plant services	7,425,868
Patient food services	8,718,708
Other support services	<u>3,064,733</u>
Total support services	<u>27,772,373</u>
Nursing inpatient services	
Nursing inpatient services – acute	30,137,666
Nursing inpatient services – long term care	<u>13,199,854</u>
Total nursing inpatient services	<u>43,337,520</u>
Ambulatory care services	<u>7,701,767</u>
Diagnostic and therapeutic services	
Clinical laboratory	4,760,178
Diagnostic imaging	3,631,669
Other diagnostic and therapeutic	<u>2,585,789</u>
Total diagnostic and therapeutic services	<u>10,977,636</u>
Medical services	9,141,820
Education	3,281,386
Undistributed	<u>1,252,935</u>
Total expenditures	<u>\$ 114,921,840</u>

Western Health Care Corporation
Revenue and Expenditures for Government Reporting
Operating Fund
Schedule II

March 31, 2000

Revenue

Provincial plan revenue	\$ 87,012,216
MCP physician revenue	7,260,778
Inpatient revenue	1,077,770
Outpatient revenue	671,138
Long term care resident revenue	5,489,330
Mortgage interest subsidy	150,115
Food service revenues	1,606,150
Other recoveries	4,096,436
Other revenue	<u>371,065</u>
Total revenue	<u>107,734,998</u>

Expenditure

Salaries	74,788,653
Employee benefits	13,691,884
Supplies - regular	17,903,358
Supplies - drugs	3,912,340
Supplies - medical and surgical	4,237,188
Long term debt - interest	<u>388,417</u>
Total expenditure	<u>114,921,840</u>

Operating deficit for government reporting (7,186,842)

Non-shareable items

Accrued vacation pay increase	263,894
Accrued severance pay increase	946,277
Amortization of capital assets	2,730,077
Amortization of deferred contributions - capital	(2,187,348)
Provincial plan revenue - mortgage repayment	<u>(52,801)</u>
	<u>1,700,099</u>

Operating deficit inclusive of non-shareable items \$ (8,886,941)

Western Health Care Corporation
Funding and Expenditures for Government Reporting
Capital Transactions
Schedule III

March 31, 2000

Sources of funds

Provincial capital equipment grant in current year	\$ 1,925,000
Provincial facility capital grant in current year	3,429,356
Add: deferred capital grant from prior year	5,265,224
Less: deferred capital grant from current year	<u>(5,510,740)</u>
	5,108,840

Other contributions

Foundations and auxiliaries	437,002
NFLD Cancer Treatment & Research Foundation	300,000
Provincial Y2K funding	<u>233,783</u>

Total funding	<u>6,079,625</u>
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Expenditures

Asset - type, building	1,089,042
Asset - type, equipment	<u>4,990,583</u>

Total expenditure	<u>6,079,625</u>
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Surplus (deficit) on capital purchases	\$ <u>-</u>
--	-------------

Grant Thornton LLP
Chartered Accountants
Canadian Member Firm of
Grant Thornton International

Grant Thornton 

**Western Regional Health
and Community Services
Board
Financial Statements
March 31, 2000**

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Auditors' Report

To the Members of the
Western Regional Health and Community Services Board

We have audited the balance sheet of Western Regional Health and Community Services Board - Operating Fund, Board Fund and Combined Funds as at March 31, 2000 and the statements of changes in net assets, revenue and expenditures and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2000 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

Cornier Brook, Newfoundland
June 13, 2000

Grant Thornton LLP
Chartered Accountants

P.O. Box 356
49-51 Park Street
Cornier Brook
Newfoundland
A2H 6E3
Tel: (709) 634-4382
Fax: (709) 634-9158

Western Regional Health and Community Services Board
Operating Fund
Balance Sheet

March 31, 2000

Assets

Current

Cash and temporary investments	\$ 2,626,171
Receivables (Note 4)	1,683,425
Prepaid expenses	<u>334,044</u>
	4,643,640

Payroll advance	93,374
Capital assets (Note 5)	<u>426,735</u>
	<u>\$ 5,163,749</u>

Liabilities

Current

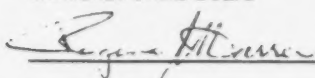
Payables and accruals	\$ 1,179,979
Deferred contributions - operating	165,182
Deferred contributions - National Child Benefit Program	212,572
Deferred contributions - Child Youth and Family Services Act	67,560
Deferred contributions - capital	117,521
Due to Western Health Care Corporation	182,091
Vacation pay accrual	<u>726,898</u>
	2,651,803

Due to Board Fund, non interest bearing with no set terms of repayment	2,465,473
Deferred contributions - unamortized portion of capital assets	426,735
Severance pay accrual	<u>1,507,765</u>
	7,051,776

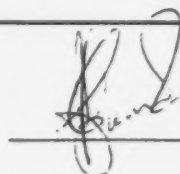
Net assets

Unrestricted net assets	<u>(1,888,027)</u>
	<u>\$ 5,163,749</u>

On behalf of the Board



Member



Member

See accompanying notes to the financial statements.

Western Regional Health and Community Services Board
Operating Fund
Statement of Changes in Net Assets

Year Ended March 31, 2000

	Operating	Capital	Total
Balance, beginning of year	\$ (990,213)	\$ -	\$ (990,213)
Deficiency of revenue over expenditures	(897,814)	-	(897,814)
Amortization of capital assets	84,197	(84,197)	-
Amortization of deferred contribution	<u>(84,197)</u>	<u>84,197</u>	<u>-</u>
Balance, end of year	<u>\$ (1,888,027)</u>	<u>\$ -</u>	<u>\$ (1,888,027)</u>

See accompanying notes to the financial statements.

Western Regional Health and Community Services Board
Operating Fund
Statement of Revenue and Expenditures

Year Ended March 31, 2000

Revenue	
Provincial Plan	\$ 28,714,681
Department of Health – direct payments	332,282
Department of Health – National Child Benefit.	305,479
Other	<u>423,771</u>
	<u>29,776,213</u>
Expenditures	
Administrative and support services	2,657,679
Community services	14,677,571
Public health nursing	6,965,475
Health promotion, health protection and research	1,038,615
Mental health, addictions and rehabilitative services	<u>4,632,364</u>
	<u>29,971,704</u>
Operating deficit before other items	<u>(195,491)</u>
Other items	
Amortization of capital assets	84,197
Amortization of capital equipment grants	(84,197)
Increase in vacation pay accrual (Note 2)	328,956
Increase in severance pay accrual (Note 2)	<u>373,367</u>
	<u>702,323</u>
Deficiency of revenue over expenditures	<u>\$ (897,814)</u>

See accompanying notes to the financial statements.

Western Regional Health and Community Services Board
Operating Fund
Statement of Cash Flows

Year Ended March 31, 2000

Cash derived from (applied to)

Operations

Deficiency of revenue over expenditures	\$ (897,814)
Amortization of capital assets	84,197
Amortization of capital equipment grant	<u>(84,197)</u>
	(897,814)

Changes in

Receivables	(1,148,781)
Prepaid expenses	4,523
Payroll advance	20,844
Payables and accruals	(296,901)
Deferred contributions - operating	286,767
Severance and vacation pay accrual	<u>702,323</u>
	<u>(1,329,039)</u>

Financing

Advances from Board Fund	106,428
Increase in payable to Western Health Care Corporation	454,059
Capital grant - Province of Newfoundland	198,335
Capital grant - Department of Health and Community	
Services - direct equipment purchase	80,125
Capital grant - Newfoundland Labrador Health	
Board Association	<u>18,954</u>
	<u>857,901</u>

Investing

Purchases of capital assets	<u>(179,893)</u>
-----------------------------	------------------

Net decrease in cash and temporary investments (651,031)

Cash and temporary investments,

Beginning of year	<u>3,277,202</u>
End of year	<u>\$ 2,626,171</u>

See accompanying notes to the financial statements.

**Western Regional Health and Community Services Board
Board Fund
Balance Sheet**

March 31, 2000

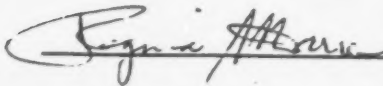
Assets

Accrued interest receivable	\$ 60,763
Due from Operating Fund, non interest bearing, with no set terms of repayment	<u>2,465,473</u>
	<u>\$ 2,526,236</u>

Net Assets

Unrestricted net assets	<u>\$ 2,526,236</u>
-------------------------	---------------------

On behalf of the Board

 Member

 Member

See accompanying notes to the financial statements.

**Western Regional Health and Community Services Board
Board Fund**

Statement of Changes in Net Assets

Year Ended March 31, 2000

Balance beginning of year	\$ 2,321,583
Excess of revenue over expenditure	<u>204,653</u>
Balance, end of year	<u>\$ 2,526,236</u>

See accompanying notes to the financial statements.

**Western Regional Health and Community Services Board
Board Fund**

Statement of Revenue and Expenditures

Year Ended March 31, 2000

Revenue	
Interest	\$ 204,653
Expenditures	-
Excess revenue over expenditures	<u>\$ 204,653</u>

See accompanying notes to the financial statements.

**Western Regional Health and Community Services Board
Board Fund
Statement of Cash Flows**

Year Ended March 31, 2000

Cash derived from (applied to)

Operations

Excess revenue over expenditures	\$ 204,653
Accrued interest receivable	<u>(60,763)</u>
	<u>143,890</u>

Financing

Repayment to Western Health Care Corporation	(37,462)
Advances to Operating Fund	<u>(106,428)</u>
	<u>(143,890)</u>

Net decrease in cash and temporary investments -

Cash and temporary investments,

Beginning of year -

End of year \$ -

See accompanying notes to the financial statements.

**Western Regional Health and Community Services Board
Combined Funds
Balance Sheet**

March 31, 2000

Assets

Current

Cash and temporary investments	\$ 2,626,171
Receivables (Note 4)	1,683,425
Accrued interest receivable	60,763
Prepaid expenses	<u>334,044</u>
	4,704,403

Payroll advance	93,374
-----------------	--------

Capital assets (Note 5)	<u>426,735</u>
-------------------------	----------------

\$ 5,224,512

Liabilities

Current

Payables and accruals	\$ 1,179,979
Deferred contributions - operating	165,182
Deferred contributions - National Child Benefit program	212,572
Deferred contributions - Child Youth and Family Services Act	67,560
Deferred contributions - capital	117,521
Due to Western Health Care Corporation	182,091
Vacation pay accrual	<u>726,898</u>
	2,651,803

Deferred contributions - unamortized portion of capital assets	426,735
--	---------

Severance pay accrual	<u>1,507,765</u>
	4,586,303

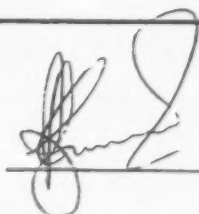
Net Assets

Unrestricted net assets	<u>638,209</u>
-------------------------	----------------

\$ 5,224,512

On behalf of the Board

 Member

 Member

See accompanying notes to the financial statements.

**Western Regional Health and Community Services Board
Combined Funds**

Statement of Changes in Net Assets

Year Ended March 31, 2000

	Operating	Capital	Total
Balance, beginning of year	\$ 1,331,370	\$ -	\$ 1,331,370
Deficiency of revenue over expenditures	(693,161)	-	(693,161)
Amortization of capital assets	84,197	(84,197)	-
Amortization of capital equipment grant	<u>(84,197)</u>	<u>84,197</u>	<u>-</u>
Balance, end of year	<u>\$ 638,209</u>	<u>\$ -</u>	<u>\$ 638,209</u>

See accompanying notes to the financial statements.

Western Regional Health and Community Services Board Combined Funds

Statement of Revenue and Expenditures

Year Ended March 31, 2000

Revenue	
Provincial Plan	\$ 28,714,681
Department of Health – direct payments	332,282
Department of Health – National Child Benefit	305,479
Interest	204,653
Other	<u>423,771</u>
	<u>29,980,866</u>
Expenditures	
Administrative and support services	2,657,679
Community services	14,677,571
Public health nursing	6,965,475
Health promotion, health protection and research	1,038,615
Mental health, addictions and rehabilitative services	<u>4,632,364</u>
	<u>29,971,704</u>
Operating deficit before other items	<u>9,162</u>
Other items	
Amortization of capital assets	84,197
Amortization of capital equipment grants	(84,197)
Increase in vacation pay accrual (Note 2)	328,956
Increase in severance pay accrual (Note 2)	<u>373,367</u>
	<u>702,323</u>
Deficiency of revenue over expenditures	<u>\$ (693,161)</u>

See accompanying notes to the financial statements.

Western Regional Health and Community Services Board

Combined Funds

Statement of Cash Flows

Year Ended March 31, 2000

Cash derived from (applied to)

Operations

Deficiency of revenue over expenditures	\$ (693,161)
Amortization of capital assets	84,197
Amortization of capital equipment grant	<u>(84,197)</u>
	(693,161)

Changes in

Receivables	(1,209,544)
Prepaid expenses	4,523
Payroll advance	20,844
Payables and accruals	(296,901)
Deferred contributions - operating	286,767
Severance and vacation pay accrual	<u>702,323</u>
	(1,185,149)

Financing

Increase in payable to Western Health Care Corporation	416,597
Capital grant - Province of Newfoundland	198,335
Capital grant - Department of Health and Community Services - direct equipment purchase	80,125
Capital grant - Newfoundland Labrador Health Board Association	<u>18,954</u>
	714,011

Investing

Purchases of capital assets	<u>(179,893)</u>
-----------------------------	------------------

Net decrease in cash and temporary investments (651,031)

Cash and temporary investments,

Beginning of year	<u>3,277,202</u>
End of year	<u>\$ 2,626,171</u>

See accompanying notes to the financial statements.

Western Regional Health and Community Services Board Notes to the Financial Statements

March 31, 2000

1. Nature of operations

The Western Regional Health and Community Services Board is responsible for the delivery of health services, other than hospital services in areas of health promotion and protection research, public health services and continuing care, mental health, addictions, rehabilitative services, child youth and family services, community youth corrections and family and rehabilitative services.

2. Summary of significant accounting policies

The financial statements of the Board have been prepared within the framework of generally accepted accounting principles which requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the Board are as follows:

Basis of presentation

The Board applies fund accounting principles as follows:

The Operating Fund contains the assets, liabilities, revenue and expenditure of the Board related to the provision of health and community services, which are funded by the Department of Health.

The Board Fund contains assets which may be expended at the discretion of the Board. Its revenue consists of investment income. Expenditures of this fund consist of operating expenditures not shared by government and those approved by the Board.

Amortization

Amortization of capital assets is recorded on a declining balance basis over a period of five years.

Revenue recognition

Provincial plan revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred contributions - operating.

Unrestricted cash donations are recognized as revenue when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

Western Regional Health and Community Services Board Notes to the Financial Statements

March 31, 2000

2. Summary of significant accounting policies (cont'd)

Capital contributions expended for capital assets are recorded as deferred contributions – unamortized portion of capital assets, and are amortized on the same basis as the assets to which it relates. Non-expended capital contributions are deferred and recorded as deferred contributions - capital.

Revenue from the provision of services is recognized at the time the goods are delivered the services are provided.

Severance and vacation pay

An accrued liability for severance and vacation pay is recorded in the accounts for all employees who have a vested right to receive such payments. Severance pay vests after nine years of continuous service and no provision has been made for employees with less than nine years.

The increase in the severance and vacation accrual does not include the amounts paid during the year for severance and vacation pay. These amounts are included in salaries and benefits expense given that they are funded and the funding is included in the current year's revenue.

3. Change in accounting policy

During the year, the Board changed its presentation of capital contributions expended for capital assets to agree with recommendations of the CICA. In prior years, the amount was disclosed as "net assets invested in capital assets" as part of the net assets. These amounts are now disclosed as "deferred contributions – unamortized portion of capital assets" in the liability section of the balance sheet.

4. Receivables

Department of Health	\$ 1,560,147
Other	<u>123,278</u>
	<u>\$ 1,683,425</u>

Western Regional Health and Community Services Board

Notes to the Financial Statements

March 31, 2000

5. Capital assets

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Leasehold improvements	\$ 43,960	\$ 23,568	\$ 20,392
Equipment	<u>669,886</u>	<u>263,543</u>	<u>406,343</u>
	<u>\$ 713,846</u>	<u>\$ 287,111</u>	<u>\$ 426,735</u>

6. Operating fund transfers

In accordance with the Department of Health's budget plan, the accumulated surplus (deficit) of all Provincial Health and Community Services Boards was to remain in the Operating Funds for the March 31, 1997 to March 31, 1999 fiscal periods. However, the Western Regional Health and Community Services Board received special authorization to transfer the March 31, 1997 surplus to the Board Fund. Subsequent to March 31, 1999, the Department of Health was to review the results of the three years operations and provide further guidance to all Boards. As at the date of release of these financial statements, the Department of Health has not completed its review and, as such, these financial statements do not include any transfers of surpluses or deficits from the Operating Fund to the Board Fund for the March 31, 1998 to March 31, 2000 fiscal periods.

Western Regional Health and Community Services Board Schedule of Revenue and Expenditures for Government Reporting

Year Ended March 31, 2000

Revenue

Provincial Plan	\$ 28,714,681
Department of health – direct payments	332,282
Department of health – N.C.B.	305,479
Other	423,771
	<u>29,776,213</u>

Expenditures

Salaries	12,196,948
Employee benefits	2,199,490
Direct program cost	12,845,751
Special assistance	456,283
Supplies	2,273,232
	<u>29,971,704</u>

Operating deficit before other items	<u>(195,491)</u>
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Other items

Amortization of capital assets	84,197
Amortization of capital equipment grants	(84,197)
Increase in vacation pay accrual	328,956
Increase in severance pay accrual	373,367
	<u>702,323</u>

Deficiency of revenue over expenditures	<u>\$ (897,814)</u>
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**Western Regional Health and Community Services Board
Schedule of Shareable Operating
Expenditures for Government Reporting**

Year Ended March 31, 2000

Salaries & supplies

Administrative and support	\$ 3,511,232
Continuing care	3,580,866
Addictions	792,754
Mental health	1,080,078
Health promotion	1,036,584
Child, youth and family services	1,754,586
Family and rehabilitation services	1,438,590
Community corrections	837,054
Rehabilitation services	1,819,519
Social work	818,406

16,669,669

Direct program costs

Child care – day care	293,009
Child welfare	2,452,807
Child, youth and family services	34,149
Community corrections	116,714
Enriched needs	2,084,010
Home support – disabled	3,604,823
Home support – seniors	2,021,869
Personal care homes	756,624
Public health nursing	161,274
Right futures	844,317
Special assistance	456,283
Family support	476,156

13,302,035

Total shareable expenses \$ 29,971,704

Western Regional Health and Community Services Board
Schedule of Capital Transactions
for Government Reporting

Year Ended March 31, 2000

Sources of funds

Provincial capital equipment grant in current year	\$ 198,335
Less: deferred capital grant from current year	<u>(117,521)</u>
	80,814

Department of Health and Community Services

Direct purchase	80,125
Newfoundland, Labrador Health Board Association	<u>18,954</u>

Total funding	<u>179,893</u>
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Expenditures

Leasehold improvements	10,158
Equipment	<u>169,735</u>

Total expenditure	<u>179,893</u>
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Surplus (deficit) on capital purchases	<u>\$ -</u>
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Western Regional Health and Community Services Board

Schedule of Accumulated Operating Surplus

for Government Reporting

Year Ended March 31, 2000

	Combined Funds	Operating Fund	Board Fund
Current assets			
Cash and temporary investments	\$ 2,626,171	\$ 2,626,171	\$ -
Receivables (Note 4)	1,683,425	1,683,425	-
Accrued interest	60,763	-	60,763
Prepaid expenses	334,044	334,044	-
Payroll advance	93,374	93,374	-
Due from operating fund	-	-	2,465,473
Total current assets	4,797,777	4,737,014	2,526,236
Current liabilities			
Payables and accruals	1,179,979	1,179,979	-
Deferred contributions – operating	165,182	165,182	-
Deferred contributions – National Child Benefit Program	212,572	212,572	-
Deferred contributions – Child Youth and Family Services Act	67,560	67,560	-
Deferred contributions – capital	117,521	117,521	-
Due to Western Health Care Corporation	182,091	182,091	-
Due to Board Fund	-	2,465,473	-
Total current liabilities	1,924,905	4,390,378	-
Accumulated operating surplus	\$ 2,872,872	\$ 346,636	\$ 2,526,236
Accumulated operating surplus comprised of:			
Accumulated operating surplus March 31, 1998	\$ 4,036,443	\$ 1,688,221	\$ 2,348,222
Operating surplus (deficit) - 1999	(210,744)	(294,094)	83,350
Transfer of funding to WHCC for meditech	(852,000)	(852,000)	-
Transfer to capital fund	(109,989)	-	(109,989)
Operating surplus (deficit) - 2000	9,162	(195,491)	204,653
	\$ 2,872,872	\$ 346,636	\$ 2,526,236

Workplace Health, Safety and Compensation Commission

Financial Statements

December 31, 1998

Auditors' Report

To the Board of Directors of the
Workplace Health, Safety and Compensation Commission
of Newfoundland and Labrador
(formerly Workers' Compensation Commission)

We have audited the balance sheet of the Workplace Health, Safety and Compensation Commission of Newfoundland and Labrador as at December 31, 1998 and the statements of operations, unfunded liability and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 1998 and the results of its operations and the changes in its cash flows for the year then ended in accordance with generally accepted accounting principles.

St. John's, Newfoundland
March 15, 1999

Deloitte & Touche LLP
Deloitte & Touche LLP

Assets	1998 (\$000)	1997 (\$000)
Cash and cash equivalents	\$ 11,770	\$ 12,087
Receivables (Note 1)	10,309	8,895
Investments (Note 2)	286,633	259,828
Capital assets (Note 3)	9,939	8,462
	<u>\$ 318,651</u>	<u>\$ 289,272</u>

Liabilities and Net Fund Deficiency

	1998 (\$000)	1997 (\$000)
Payables and accruals	\$ 6,449	\$ 6,898
Benefits liabilities (Note 4)	408,302	359,041
Total liabilities	414,751	365,939
Reserves (Note 5)	15,000	15,000
Unfunded liability (Note 6)	(111,100)	(91,667)
Net fund deficiency	(96,100)	(76,667)
	<u>\$ 318,651</u>	<u>\$ 289,272</u>

Contingencies (Note 10)

On behalf of the Commission

Charles de la Cruz

Chairperson

David J. Jolley
Acting Chief Executive Officer

The accompanying notes starting on page 23 are an integral part of the financial statements.

Commentary

The balance sheet presents the Commission's financial position as at December 31, 1998. Assets refer to resources and property owned by the Commission or owed to the Commission by others. They include cash and investments, land, building and equipment plus various accounts receivable. Liabilities include accounts payable and actuarial estimates of amounts to be paid in future years for 1998 and prior years' injuries. A detailed actuarial valuation of the benefits liabilities was carried out as at December 31, 1997. The benefits liabilities as at December 31, 1998, were extrapolated from the results of the 1997 actuarial valuation with an adjustment for the actual benefit increase to be provided during 1999 on extended earnings loss and survivor benefits. The effective net discount rates resulting from the extrapolation are 7.64% per annum for non-indexed benefits and graded net discount rates starting at 6.67% for the first year, 5.53% for the second year and reaching an ultimate level of 3.50% per annum after four (4) years for indexed benefits.

Reserves are amounts appropriated to fund the cost of specific expenditures and the net fund deficiency is the accumulated surplus (deficiency) for all years to the end of 1998 less the reserves. Unfunded liability refers to the amount by which total liabilities and reserves exceed total assets.

The Commission's funded ratio (the percentage of assets to liabilities plus reserves) decreased from 75.9% to 74.1% in 1998.

Statement of Operations

Year Ended December 31

	1998 (\$000)			1997 (\$000)
	Current Year Injuries	Prior Years' Injuries	Total	Total
Revenue				
Assessments	\$ 90,024	\$ 4,728	\$ 94,752	\$ 85,028
Investment income		26,760	26,760	26,496
	<u>90,024</u>	<u>31,488</u>	<u>121,512</u>	<u>111,524</u>
Expenses				
Claims costs incurred				
Short-term disability	27,279	3,833	31,112	25,738
Long-term disability	16,869	17,466	34,335	30,899
Survivor benefits	2,589	3,787	6,376	5,728
Health care	18,481	4,703	23,184	20,747
Rehabilitation	<u>2,375</u>	<u>783</u>	<u>3,158</u>	<u>3,474</u>
	67,593	30,572	98,165	86,586
Administration (Note 7)	15,141	-	15,141	13,808
Other (Note 8)	<u>4,094</u>	<u>-</u>	<u>4,094</u>	<u>4,869</u>
Total	<u>86,828</u>	<u>30,572</u>	<u>117,400</u>	<u>105,263</u>
Surplus from operations before the following	3,196	916	4,112	6,261
Unfunded liability assessment	<u>-</u>	<u>13,400</u>	<u>13,400</u>	<u>13,400</u>
	3,196	14,316	17,512	19,661
Actuarial adjustments for prior years (Note 4)	-	(19,186)	(19,186)	(10,388)
Legislative change (Note 9)	<u>-</u>	<u>(17,367)</u>	<u>(17,367)</u>	<u>(1,286)</u>
	-	(36,553)	(36,553)	(11,674)
Surplus (deficiency) for the year	<u>\$ 3,196</u>	<u>\$ (22,237)</u>	<u>\$ (19,041)</u>	<u>\$ 7,987</u>

The accompanying notes starting on page 23 are an integral part of the financial statements.

Commentary

The Commission's statements are prepared on an accrual basis. Thus, the Commission includes in the current year Statement of Operations, an estimate of future costs for injuries that have already occurred.

The Statement of Operations summarizes the Commission's operating activity for the year. Revenue consists of assessment revenue from employers and interest earned on both short and long-term investments. The Unfunded liability assessment also represents revenue from employers.

Expenses for current year injuries represent actual costs incurred in 1998, plus an estimate of what is expected to be incurred in the future for these claims, including an allowance for indexing basic benefits in line with increases in the CPI for Canada. Expenses for prior years' injuries also include actuarial adjustments to previous estimates of liabilities for prior years' claims, interest charged to fund liabilities and Self-insurers' expenses.

There has been a transfer of costs from Other expenses to Administration expenses as a result of the merger of the Occupational Health and Safety Programs Division with the Commission.

Statement of Unfunded Liability

Year Ended December 31

	1998 <u>(\$000)</u>	1997 <u>(\$000)</u>
Unfunded liability, beginning of year	\$ (91,667)	\$ (99,354)
Surplus (deficiency) for the year (Page 20)	<u>(19,041)</u> (110,708)	<u>7,987</u> (91,367)
Appropriation to reserve fund (Note 5)	<u>(392)</u>	<u>(300)</u>
Unfunded liability, end of year	<u>\$ (111,100)</u>	<u>\$ (91,667)</u>

The accompanying notes starting on page 23 are an integral part of the financial statements

Commentary

The unfunded liability, beginning of year, is the accumulated excess of expenses over revenue in prior years.

Surplus (deficiency) for the year is the difference between current year revenue and expenses for current and prior years, injuries (Statement of Operations) which reduces (increases) the unfunded liability.

Unfunded Liability •

Statement of Cash Flows

Year Ended December 31

	1998 (\$000)	1997 (\$000)
	<u>Total</u>	<u>Total</u>
Cash flow from operating activities:		
Cash received from:		
Employers, for assessments	\$ 107,020	\$ 97,579
Investment income	<u>14,272</u>	<u>11,570</u>
	<u>121,292</u>	<u>109,149</u>
Cash paid to:		
Claimants or third parties on their behalf	(85,740)	(77,616)
Suppliers, for administrative and other goods and services	(17,723)	(16,305)
Third party, from reserve fund	<u>(392)</u>	<u>(300)</u>
	<u>(103,855)</u>	<u>(94,221)</u>
Net cash provided from operating activities	<u>17,437</u>	<u>14,928</u>
Cash flow from investing activities:		
Cash received from:		
Sales and maturities of long-term investments	<u>351,410</u>	<u>514,678</u>
Cash paid for:		
Purchases of long-term investments	(365,642)	(531,461)
Purchases of capital assets	<u>(3,522)</u>	<u>(2,406)</u>
	<u>(369,164)</u>	<u>(533,867)</u>
Net cash used for investing activities	<u>(17,754)</u>	<u>(19,189)</u>
	(317)	(4,261)
Net (decrease) in cash and cash equivalents		
Cash and cash equivalents		
Beginning of year	<u>12,087</u>	<u>16,348</u>
End of year	<u>\$ 11,770</u>	<u>\$ 12,087</u>

The accompanying notes starting on page 23 are an integral part of the financial statements.

Commentary

Cash flow from investment income and assessments is the actual amount received in 1998 and includes amounts assessed in prior years.

Notes to Financial Statements

December 31, 1998

Nature of operations

The Workers' Compensation Commission was established by the Newfoundland Legislature in 1951, under the Workers' Compensation Act. The Commission is responsible, in accordance with the provisions of the Act, for administering the payment of benefits to injured workers and dependents of fatally injured workers; levying and collecting assessment revenues from established classes of employers in amounts sufficient to cover the current and future costs of existing claims; and investing funds, following investment policies which are approved by the Commission within guidelines established under the Insurance Companies Act (Canada).

During 1998, the Workers' Compensation Commission was renamed the Workplace Health, Safety and Compensation Commission and its mandate was expanded to include the Occupational Health and Safety (OHS) Programs Division of the Department of Environment and Labour. Legislative changes required to complete the merger, including changing the organization's name to the Workplace Health, Safety and Compensation Commission, and the name of the Act to the Workplace Health, Safety and Compensation Act, were implemented on January 1, 1999.

An independent Workers' Compensation Review Division is established under the Act to make rulings on any appeals pertaining to the Commission's assessments or benefits decisions.

The Commission does not receive government funding or other assistance.

Summary of significant accounting policies

Provision for unbilled assessments

At the beginning of each year, an assessment is levied on employers by applying industry assessment rates to their estimated payroll. Due to varying economic conditions, actual employers' payrolls may differ from original estimates. Therefore, at year end, a provision for unbilled assessments is recorded based on historical assessment information and on actual payroll information received subsequent to year end.

Funding policy

The Commission's funding policy states that the Commission's financial objective is to be fully funded by the year 2012. Assessment rates will be established at a level to generate sufficient revenue to cover either the cash disbursements in each year (cash approach) or the full year's cost of each accident year as well as amortization of a portion of the unfunded liability (full funding approach). In 1998 the industry assessment rate levied on employers to contribute to the unfunded liability was \$13.4 million (1997 - \$13.4 million). The revenue raised with respect to the funding policy is shown separately in the Statement of Operations as the unfunded liability assessment.

Investments

Fixed term investments are recorded using the amortized cost method, which amortizes premiums and discounts arising on fixed term purchases over the periods to maturity of these investments. Gains or losses realized on the disposal of fixed term investments are amortized on a straight-line basis over a five-year period, which approximates the period to maturity.

Equity investments are stated at moving average market value. Unrealized gains and losses occurring during the year, together with gains and losses realized on the disposal of equity investments, are deferred and amortized on a straight-line basis over a five-year period.

Where it is determined that a permanent impairment in the carrying value of the entire investment portfolio has occurred, the carrying value of the portfolio is written down to recognize the loss and the write-down included in income in the year in which it occurs.

Capital assets

Capital assets are reported at cost and are amortized monthly on a straight-line basis over their estimated useful lives. The periods used are as follows:

Building	40 years
Furniture and equipment	5 to 10 years
Equipment under capital lease	3 to 5 years

Notes

December 31, 1993

Capital leases

The Commission leases computer equipment under capital leases. Future minimum lease payments under these capital leases are as follows:

	(\$000)
1999	\$ 894
2000	543
2001	192
2002	0
2003	0
	1,629
Less: Estimated executory costs	57
Net minimum lease payments	1,572
Less: Amounts representing interest at 6.80%, 6.90%, 9.45%, 7.63% and 6.69%	111
Present value of net minimum lease payments	\$ 1,461

Pension costs

All permanent employees of the Commission are covered by the Public Service Superannuation Plan administered by the Province of Newfoundland and Labrador. Contributions to the plan are required from both the employees and the Commission. The annual contributions for pensions are recognized in the accounts on a current basis.

Self-insured employers

These financial statements include the effects of transactions carried out for self-insured employers, principally Federal and Provincial government bodies, who directly bear the costs of their own incurred claims and an appropriate share of administrative costs. Aggregate amounts of such assessment revenue and offsetting expenses included in the Statement of Operations are as follows:

	1998 (\$000)	1997 (\$000)
Assessment revenue	<u>\$ 6,119</u>	<u>\$ 6,107</u>
Claims costs incurred:		
• Short-term disability	558	454
• Long-term disability	2,105	1,980
• Survivor benefits	428	451
• Health care	1,649	1,936
• Rehabilitation	439	471
Administration charges	<u>940</u>	<u>815</u>
	<u>\$ 6,119</u>	<u>\$ 6,107</u>

The benefits liabilities related to self-insured employers have not been determined by actuarial valuation and thus are not included in the Commission's benefits liabilities. As these liabilities will be borne by those employers when paid in future years, they do not add to the Commission's unfunded liability or its net fund deficiency.

Notes to Financial Statements

December 31, 1998

1. Receivables	1998 (\$000)	1997 (\$000)
Assessments	\$ 3,924	\$ 3,812
Unbilled assessments	4,500	3,500
Other	1,885	1,583
	<u>\$ 10,309</u>	<u>\$ 8,895</u>

As a result of the overpayment policy approved by the Board in 1995, other receivables include \$ 1,226,000 (1997 - \$942,591) representing overpayments to injured workers resulting primarily from payment of retroactive CPP benefits.

2. Investments	1998 (\$000)		1997 (\$000)	
	Carrying Value	Market Value	Carrying Value	Market Value
Fixed term	\$ 171,183	\$ 179,985	\$ 159,132	\$ 165,769
Equities	151,635	155,638	139,999	152,904
Accrued interest	2,215	2,215	2,770	2,770
	<u>\$ 325,033</u>	<u>\$ 337,838</u>	<u>\$ 301,901</u>	<u>\$ 321,443</u>
Deferred investment gains	(38,400)	-	(42,073)	-
	<u>\$ 286,633</u>	<u>\$ 337,838</u>	<u>\$ 259,828</u>	<u>\$ 321,443</u>

During the year the following items were amortized to investment income:

	1998 (\$000)	1997 (\$000)
Amortized portion of realized investment gains	\$ 14,271	\$ 12,944
Amortized portion of unrealized investment gains	(219)	2,525
	14,052	15,469
Amortized portion of (premiums) on fixed term investments	(931)	(685)
Total amortized to investment income	<u>\$ 13,121</u>	<u>\$ 14,784</u>

3. Capital assets	1998 (\$000)		1997 (\$000)
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 11	\$ -	\$ 11
Building	7,353	2,752	4,601
Furniture and equipment	7,422	3,495	3,927
Equipment under capital lease	5,245	3,845	1,400
	<u>\$ 20,031</u>	<u>\$ 10,092</u>	<u>\$ 9,939</u>
			<u>\$ 8,462</u>

Notes to Financial Statements

December 31, 1998

4. Benefits liabilities

An analysis of the components of, and changes in, benefits liabilities is as follows:

	1998 (\$000)						1997 (\$000)
	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Rehabilitation	Total	Total
Balance, beginning of year	\$ 41,677	\$ 214,775	\$ 44,438	\$ 52,724	\$ 5,427	\$ 359,041	\$ 338,432
Add: claims costs incurred:							
Current year injuries	27,279	16,869	2,589	18,481	2,375	67,593	56,650
Prior years' injuries	<u>4,034</u>	<u>17,574</u>	<u>3,787</u>	<u>4,703</u>	<u>757</u>	<u>30,855</u>	<u>29,901</u>
	<u>31,313</u>	<u>34,443</u>	<u>6,376</u>	<u>23,184</u>	<u>3,132</u>	<u>98,448</u>	<u>86,551</u>
	<u>\$ 72,990</u>	<u>\$ 249,218</u>	<u>\$ 50,814</u>	<u>\$ 75,908</u>	<u>\$ 8,559</u>	<u>\$ 457,489</u>	<u>\$ 424,983</u>
Deduct: claims payments made:							
Current year injuries	9,183	476	145	4,789	50	14,643	11,545
Prior years' injuries	<u>18,988</u>	<u>24,762</u>	<u>6,752</u>	<u>18,033</u>	<u>2,562</u>	<u>71,097</u>	<u>66,071</u>
	<u>28,171</u>	<u>25,238</u>	<u>6,897</u>	<u>22,822</u>	<u>2,612</u>	<u>85,740</u>	<u>77,616</u>
Balance before the following	<u>44,819</u>	<u>223,980</u>	<u>43,917</u>	<u>53,086</u>	<u>5,947</u>	<u>371,749</u>	<u>347,367</u>
Actuarial adjustments for prior years	(2,385)	18,007	1,513	2,551	(500)	19,186	10,388
Legislative change (Note 9)	<u>1,058</u>	<u>9,702</u>	<u>6,607</u>			<u>17,367</u>	<u>1,286</u>
	(1,327)	27,709	8,120	2,551	(500)	36,553	11,674
Balance, end of year	<u>\$ 43,492</u>	<u>\$ 251,689</u>	<u>\$ 52,037</u>	<u>\$ 55,637</u>	<u>\$ 5,447</u>	<u>\$ 408,302</u>	<u>\$ 359,041</u>

Notes to Financial Statements

December 31, 1998

4. Benefits liabilities (cont'd.)

A detailed actuarial review was completed as at December 31, 1997. In 1998 the actuary was engaged to update the estimated benefits and unfunded liability as at December 31, 1998. These estimates were based on the results of the detailed calculations carried out for the valuation as at December 31, 1997, and the emerging cost experience for 1998 as provided to the actuary by the Commission. As a result of these reviews, claim costs incurred for prior years' injuries have been adjusted to include the following:

	1998 (\$000)	1997 (\$000)
Short-term disability	\$ (2,385)	\$ (8,226)
Long-term disability	18,007	22,126
Survivor benefits	1,513	(1,530)
Health care	2,551	4,585
Rehabilitation	(500)	(6,567)
	<u>\$ 19,186</u>	<u>\$ 10,388</u>

Claims costs incurred in 1998 for prior years' injuries include the following:

	(\$000)
Investment income required to fund benefits liabilities	
From 1998 investment income	\$ 26,127
Self-insurers' expenses	<u>4,728</u>
	<u>\$ 30,855</u>

5. Reserves

- A disaster reserve has been provided by a 5 per cent charge to annual assessment revenue. The reserve is limited to a maximum of \$10,000,000.
- A reserve for funding studies, projects and research relating to the enhancement of occupational health and safety in the workplace has been provided by a 2 per cent charge to annual assessment revenue. The reserve is limited to a maximum of \$5,000,000. During 1998, \$392,000 was issued from this reserve including an amount of \$300,000 to the Newfoundland and Labrador Construction Safety Association. These funds have been replenished at December 31, 1998.

Notes to Financial Statements

December 31, 1998

	1998 (\$Millions)	1997 (\$Millions)
6. Change in unfunded liability		
Unfunded liability, beginning of year	\$ (91.7)	\$ (99.4)
Favourable revenue variance	6.0	7.7
(Unfavourable) accident variance		
for the current year	(5.6)	(2.2)
Principal portion of unfunded liability assessment	7.6	6.5
Favourable investment income variance	7.7	8.2
Liability adjustments for prior years' claims	(19.2)	(16.1)
Legislative amendment	(17.4)	(1.3)
Favourable variance in inflation assumption	-	6.2
(Unfavourable) variance in valuation method	-	(0.5)
Other	1.5	(0.8)
	<u>\$ (111.1)</u>	<u>\$ (91.7)</u>
Unfunded liability, end of year		

	1998 (\$000)	1997 (\$000)
7. Administration expenses		
Salaries and employee benefits	\$ 10,170	\$ 9,640
Office and communications	1,665	1,421
Amortization	2,029	1,800
Building operations	416	598
Travel and vehicle operating	391	373
Professional fees	549	196
Recoveries	(79)	(220)
	<u>\$ 15,141</u>	<u>\$ 13,808</u>

The increase in Salaries and Benefits is primarily attributed to the merger with the Occupational Health and Safety (OHS) Programs Division of the Department of Environment and Labour, new positions created to improve client services and the Commission's portion of employee benefits.

	1998 (\$000)	1997 (\$000)
8. Other expenses		
Occupational Health and Safety	\$ 3,208	\$ 3,632
Review Division	456	453
Employer and Worker Advisors	200	200
Worksafe Program	208	384
Statutory Review Committee	22	200
	<u>\$ 4,094</u>	<u>\$ 4,869</u>

As a result of the merger of the Occupational Health and Safety (OHS) Programs Division and the Commission, a portion of expenses (which previously would have been reported under OHS) is now included in Administration.

Notes to Financial Statements

December 31, 1998

9. Legislative change

The Workers' Compensation Act was amended to decrease the CPP offset for extended earnings loss from 80% of CPP received by injured workers to 75% as of September 1998. As well, an amendment to the Workers' Compensation Regulations was made to introduce a \$200 minimum weekly survivor benefit for dependent spouses of fatally injured workers in September of 1998. The result of these changes was a charge to the Statement of Operations in the amount of \$17,367,202.

10. Contingencies

The Commission is liable for the future costs of claims relating to certain latent occupational diseases which may have occurred in the current year or previously, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Because of the absence of reliable evidence and data pertaining to these matters, the liabilities cannot be reasonably estimated and have not been recorded in these financial statements.

11. Related party transactions

The Commission is required by the Provincial Government to reimburse it for a portion of the operating costs of the Occupational Health and Safety Division, all of the costs of the Workers' Compensation Review Division and the Employer and Worker Advisor positions. Total expenses incurred by the Commission in these matters are detailed in Note 8.

In addition to these obligations, included in these financial statements are amounts resulting from normal operating transactions with various Provincial Government controlled departments, agencies and Crown Corporations with which the Commission may be considered related. The Provincial Government is also a self-insured employer, and account balances resulting from these transactions are included in the financial statements.

12. Uncertainty due to the Year 2000 issue

The Year 2000 issue arises because many computer systems use two digits rather than four to identify a year. Date sensitive systems may recognize the Year 2000 as 1900 or some other date, resulting in errors when information using Year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the year 2000 issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 issue affecting the Commission, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

Workplace Health, Safety and Compensation Commission

Financial Statements

December 31, 1999

Auditors' Report

To the Board of Directors of the
Workplace Health, Safety and Compensation Commission
of Newfoundland and Labrador.

We have audited the balance sheet of the Workplace Health, Safety and Compensation Commission of Newfoundland and Labrador as at December 31, 1999 and the statements of operations, unfunded liability and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 1999 and the results of its operations and the changes in its cash flows for the year then ended in accordance with generally accepted accounting principles.

St. John's, Newfoundland
March 23, 2000

Deloitte & Touche LLP

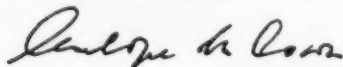
Deloitte & Touche LLP
Chartered Accountants

Balance Sheet

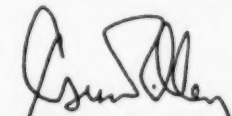
December 31

Assets	1999 (\$000)	1998 (\$000)
Cash and cash equivalents	\$ 6,307	\$ 11,770
Receivables (Note 1)	11,111	10,309
Investments (Note 2)	314,036	286,633
Capital assets (Note 3)	10,702	9,939
	<u>\$ 342,156</u>	<u>\$ 318,651</u>
Liabilities and Net Fund Deficiency	1999 (\$000)	1998 (\$000)
Payables and accruals	\$ 6,903	\$ 6,449
Benefits liabilities (Note 4)	<u>500,137</u>	<u>408,302</u>
Total liabilities	<u>507,040</u>	<u>414,751</u>
Reserves (Note 5)	15,000	15,000
Unfunded liability (Note 6)	<u>(179,884)</u>	<u>(111,100)</u>
Net fund deficiency	<u>(164,884)</u>	<u>(96,100)</u>
	<u>\$ 342,156</u>	<u>\$ 318,651</u>
Contingencies (Note 9)		

On behalf of the Commission



Chairperson



Chief Executive Officer

The accompanying notes starting on page 18 are an integral part of the financial statements.

Commentary

The balance sheet presents the Commission's financial position as at December 31, 1999. Assets refer to resources and property owned by the Commission or owed to the Commission by others. They include cash and investments, land, building and equipment plus various accounts receivable.

Liabilities include accounts payable and actuarial estimates of amounts to be paid in future years for 1999 and prior years' injuries. A detailed actuarial valuation of the benefits liabilities was carried out as at December 31, 1999. The actuarial assumptions used in estimating future benefits liabilities include a discount rate of 7.64% per annum for non-indexed benefits and graded net discount rates starting at 6.03% for the first year, 5.53% for the second year and reaching an ultimate level of 3.50% per annum after four (4) years for indexed benefits.

Reserves are amounts appropriated to fund the cost of specific expenditures and the net fund deficiency is the accumulated surplus (deficiency) for all years to the end of 1999 less the reserves. Unfunded liability refers to the amount by which total liabilities and reserves exceed total assets.

The Commission's funded ratio (the percentage of assets to liabilities plus reserves) decreased from 74.1% to 65.5% in 1999.

Balance Sheet

Statement of Operations

Year Ended December 31

	1999 (\$000)		1998 (\$000)
	Current Year Injuries	Prior Years' Injuries	Total
Revenue			
Assessments	\$ 98,136	\$ 5,468	\$ 103,604
Investment income	-	27,990	27,990
	<u>98,136</u>	<u>33,458</u>	<u>131,594</u>
Expenses			
Claims costs incurred			
Short-term disability	35,696	3,462	39,158
Long-term disability	34,586	20,978	55,564
Survivor benefits	1,162	4,411	5,573
Health Care	24,501	4,957	29,458
Rehabilitation	1,650	493	2,143
	<u>97,595</u>	<u>34,301</u>	<u>131,896</u>
Administration (Note 7)	17,846	-	17,846
Other (Note 8)	4,327	-	4,327
	<u>119,768</u>	<u>34,301</u>	<u>154,069</u>
Surplus (deficiency) from operations before the following	(21,632)	(843)	(22,475)
Unfunded liability assessment	-	13,400	13,400
	<u>(21,632)</u>	<u>12,557</u>	<u>(9,075)</u>
Actuarial adjustments for prior years (Note 4)	-	(59,367)	(59,367)
Legislative change	-	-	-
	<u>-</u>	<u>(59,367)</u>	<u>(59,367)</u>
Deficiency for the year	<u>\$ (21,632)</u>	<u>\$ (46,810)</u>	<u>\$ (68,442)</u>

The accompanying notes starting on page 18 are an integral part of the financial statements.

Commentary

The Commission's statements are prepared on an accrual basis. Thus, the Commission includes in the current year Statement of Operations, an estimate of future costs for injuries that have already occurred.

The Statement of Operations summarizes the Commission's operating activity for the year. Revenue consists of assessment revenue from employers and interest earned on both short and long-term investments. The unfunded liability assessment also represents revenue from employers.

Expenses for current year injuries represent actual costs incurred in 1999, plus an estimate of what is expected to be incurred in the future for these claims including an allowance for indexing basic benefits in line with increases in the CPI for Canada. Expenses for prior years' injuries also include actuarial adjustments to previous estimates of liabilities for prior years' claims, interest charged to fund liabilities and Self-Insurers' expenses.

The increase in Administration Costs is primarily attributed to increases in salaries and benefits resulting from the merger with the Occupational Health and Safety (OHS) Programs Division of the Department of Environment and Labour, new positions created to improve client services, negotiated salary increases effective March 1998 and August 1999, and the Commission's portion of employee benefits (Note 7).

Statement of Unfunded Liability

Year Ended December 31

	1999 (\$000)	1998 (\$000)
Unfunded liability, beginning of year	\$ (111,100)	\$ (91,667)
Deficiency for the year (Page 15)	(68,442)	(19,041)
	(179,542)	(110,708)
Appropriation to reserve fund (Note 5)	(342)	(392)
Unfunded liability, end of year	<u>\$ (179,884)</u>	<u>\$ (111,100)</u>

The accompanying notes starting on page 18 are an integral part of the financial statements.

Commentary

The unfunded liability, beginning of year, is the accumulated excess of expenses over revenue in prior years.

Deficiency for the year is the difference between current year revenue and expenses for current and prior years' injuries (Statement of Operations) which increases the unfunded liability.

An actuarial valuation of the Commission's benefits liabilities was completed as at December 31, 1999. The valuation identified changes in injury experience which has resulted in a significant increase in the unfunded liability. The increase in the unfunded liability is primarily attributable to increases in long-term disability costs.

Statement of Cash Flows

Year Ended December 31

	1999 (\$000)	1998 (\$000)
Cash flow from operating activities:		
Cash received from:		
Employers, for assessments	\$ 116,203	\$ 107,020
Investment income	13,248	14,272
	<u>129,451</u>	<u>121,292</u>
Cash paid to:		
Claimants or third parties on their behalf	(99,428)	(85,740)
Suppliers, for administrative and other goods and services	(19,310)	(17,723)
Third party, from reserve fund	(342)	(392)
	<u>(119,080)</u>	<u>(103,855)</u>
Net cash provided from operating activities	<u>10,371</u>	<u>17,437</u>
Cash flow from investing activities:		
Cash received from:		
Sales and maturities of long-term investments	<u>373,581</u>	<u>351,410</u>
Cash paid for:		
Purchases of long-term investments	(386,242)	(365,642)
Purchases of capital assets	(3,173)	(3,522)
	<u>(389,415)</u>	<u>(369,164)</u>
Net cash used for investing activities	<u>(15,834)</u>	<u>(17,754)</u>
Net decrease in cash and cash equivalents	(5,463)	(317)
Cash and cash equivalents		
Beginning of year	<u>11,770</u>	<u>12,087</u>
End of year	<u>\$ 6,307</u>	<u>\$ 11,770</u>

The accompanying notes starting on page 18 are an integral part of the financial statements.

Commentary

Cash flow from investment income and assessments is the actual amount received in 1999 and includes amounts assessed in prior years.

Notes to Financial Statements

December 31, 1999

Nature of operations

The Workers' Compensation Commission was established by the Newfoundland Legislature in 1951, under the Workers' Compensation Act. The Commission is responsible, in accordance with the provisions of the Act, for administering the payment of benefits to injured workers and dependents of fatally injured workers; levying and collecting assessment revenues from established classes of employers in amounts sufficient to cover the current and future costs of existing claims; and investing funds, following investment policies which are approved by the Commission within guidelines established under the Insurance Companies Act (Canada).

During 1998, the Workers' Compensation Commission was renamed the Workplace Health, Safety and Compensation Commission and its mandate was expanded to include the Occupational Health and Safety (OHS) Programs Division of the Department of Environment and Labour. Legislative changes required to complete the merger, including changing the organization's name to the Workplace Health, Safety and Compensation Commission, and the name of the Act to the Workplace Health, Safety and Compensation Act, were implemented on January 1, 1999.

An independent Workers' Compensation Review Division is established under the Act to make rulings on any appeals pertaining to the Commission's assessments or benefits decisions.

The Commission does not receive government funding or other assistance.

Summary of significant accounting policies

Provision for unbilled assessments

At the beginning of each year, an assessment is levied on employers by applying industry assessment rates to their estimated payroll. Due to varying economic conditions, actual employers' payrolls may differ from original estimates. Therefore, at year end, a provision for unbilled assessments is recorded based on historical assessment information and on actual payroll information received subsequent to year end.

Funding policy

The Commission's funding policy, established in 1992, states that the financial objective of the Commission is to be fully funded by year 2012; however, this policy will be reviewed in year 2000. Assessment rates will be established at a level to generate sufficient revenue to cover either the cash disbursements in each year (cash approach) or the full year's cost of each accident year as well as amortization of a portion of the unfunded liability (full funding approach). In 1999 the industry assessment rate levied on employers to contribute to the unfunded liability was \$13.4 million (1998 - \$13.4 million). The revenue raised with respect to the funding policy is shown separately in the Statement of Operations as the unfunded liability assessment.

Use of accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates; however, such differences would not be expected to have a material impact on these financial statements.

Investments

Fixed term investments are recorded using the amortized cost method, which amortizes premiums and discounts arising on fixed term purchases over the periods to maturity of these investments. Gains or losses realized on the disposal of fixed term investments are amortized on a straight-line basis over a five-year period, which approximates the period to maturity.

Equity investments are stated at moving average market value. Unrealized gains and losses occurring during the year, together with gains and losses realized on the disposal of equity investments, are deferred and amortized on a straight-line basis over a five-year period.

Where it is determined that a permanent impairment in the carrying value of the entire investment portfolio has occurred, the carrying value of the portfolio is written down to recognize the loss and the write-down included in income in the year in which it occurs.

Capital assets

Capital assets are reported at cost and are amortized monthly on a straight-line basis over their estimated useful lives. The periods used are as follows:

Building	40 years
Furniture and equipment	5 to 10 years
Equipment under capital lease	3 to 5 years

Notes to Financial Statements

December 31, 1999

Capital leases

The Commission leases computer equipment under capital leases. Future minimum lease payments under these capital leases are as follows:

	<u>(\$000)</u>
2000	\$ 807
2001	530
2002	211
2003	<u>60</u>
	1,608
Less: Estimated executory costs	<u>82</u>
Net minimum lease payments	1,526
Less: Amounts representing interest at 6.68%, 6.87%, 7.64%, 6.69% and 7.03%	<u>117</u>
Present value of net minimum lease payments	<u>\$ 1,409</u>

Pension costs

All permanent employees of the Commission are covered by the Public Service Superannuation Plan administered by the Province of Newfoundland and Labrador. Contributions to the plan are required from both the employees and the Commission. The annual contributions for pensions are recognized in the accounts on a current basis.

Self-insured employers

These financial statements include the effects of transactions carried out for self-insured employers, principally Federal and Provincial government bodies, who directly bear the costs of their own incurred claims and an appropriate share of administrative costs. Aggregate amounts of such assessment revenue and offsetting expenses included in the Statement of Operations are as follows:

	<u>1999</u> <u>(\$000)</u>	<u>1998</u> <u>(\$000)</u>
Assessment Revenue	<u>\$ 6,737</u>	<u>\$ 6,119</u>
Claims costs incurred:		
• Short-term disability	925	558
• Long-term disability	2,504	2,105
• Survivor benefits	698	428
• Health Care	1,693	1,649
• Rehabilitation	138	439
Administration Charges	<u>779</u>	<u>940</u>
	<u>\$ 6,737</u>	<u>\$ 6,119</u>

The benefits liabilities related to self-insured employers have not been determined by actuarial valuation and thus are not included in the Commission's benefits liabilities. As these liabilities will be borne by those employers when paid in future years, they do not add to the Commission's unfunded liability or its net fund deficiency.

Notes to Financial Statements

December 31, 1999

1. Receivables

	1999 (\$000)	1998 (\$000)
Assessments	\$ 4,307	\$ 924
Unbilled assessments	5,000	500
Other	1,804	1,885
	<u>\$ 11,111</u>	<u>\$ 10,309</u>

As a result of the overpayment policy approved by the Board in 1995, other receivables include \$ 965,328 (1998 - \$1,226,000) representing overpayments to injured workers resulting primarily from payment of retroactive CPP benefits.

2. Investments

	1999 (\$000)		1998 (\$000)	
	Carrying Value	Market Value	Carrying Value	Market Value
Fixed term	\$ 162,377	\$ 158,325	\$ 171,183	\$ 171,985
Equities	184,719	189,546	151,635	155,638
Accrued Interest	1,917	1,917	2,215	2,215
	<u>349,013</u>	<u>349,788</u>	<u>325,033</u>	<u>337,838</u>
Deferred investment gains	(34,977)	-	(38,400)	-
	<u>\$ 314,036</u>	<u>\$ 349,788</u>	<u>\$ 286,633</u>	<u>\$ 337,838</u>

During the year the following items were amortized to investment income:

	1999 (\$000)	1998 (\$000)
Amortized portion of realized investment gains	\$ 16,497	\$ 14,271
Amortized portion of unrealized investment gains	(900)	(219)
	15,597	14,052
Amortized portion of premiums on fixed term investments	(557)	(931)
Total amortized to investment income	<u>\$ 15,040</u>	<u>\$ 13,121</u>

Notes to Financial Statements

December 31, 1999

3. Capital assets

	1999 (\$000)			1998 (\$000)
	Cost	Accumulated Amonization	Net Book Value	Net Book Value
Land	\$ 11	\$ -	\$ 11	\$ 11
Building	7,374	2,936	4,438	4,601
Furniture and equipment	9,621	4,734	4,887	3,927
Equipment under capital lease	5,092	3,726	1,366	1,400
	<u>\$ 22,098</u>	<u>\$ 11,396</u>	<u>\$ 10,702</u>	<u>\$ 9,939</u>

4. Benefits liabilities

An analysis of the components of, and changes in, benefits liabilities is as follows:

	1999 (\$000)					1998 (\$000)
	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Rehabilitation	Total
Balance, beginning of year	\$ 43,492	\$ 251,689	\$ 52,037	\$ 55,637	\$ 5,447	\$ 408,302
Add: claims costs incurred:						
Current year injuries	35,696	34,586	1,162	24,501	1,650	97,595
Prior years' injuries	3,462	20,978	4,411	4,957	493	34,301
	<u>39,158</u>	<u>55,564</u>	<u>5,573</u>	<u>29,458</u>	<u>2,143</u>	<u>131,896</u>
	<u>82,650</u>	<u>307,253</u>	<u>57,610</u>	<u>85,095</u>	<u>7,590</u>	<u>540,198</u>
Deduct: claims payments made:						
Current year injuries	12,237	446	110	6,148	77	19,018
Prior years' injuries	22,564	28,715	7,747	19,001	2,383	80,410
	<u>34,801</u>	<u>29,161</u>	<u>7,857</u>	<u>25,149</u>	<u>2,460</u>	<u>99,428</u>
Balance before the following	<u>47,849</u>	<u>278,092</u>	<u>49,753</u>	<u>59,946</u>	<u>5,130</u>	<u>440,770</u>
Actuarial adjustments for						
prior years	4,971	44,366	455	10,760	(1,185)	59,367
Legislative change	-	-	-	-	-	17,367
	<u>4,971</u>	<u>44,366</u>	<u>455</u>	<u>10,760</u>	<u>(1,185)</u>	<u>59,367</u>
Balance, end of year	<u>\$ 52,820</u>	<u>\$ 322,458</u>	<u>\$ 50,208</u>	<u>\$ 70,706</u>	<u>\$ 3,945</u>	<u>\$ 500,137</u>

Notes to Financial Statements

December 31, 1999

4. Benefits liabilities (cont'd.)

An independent consulting actuary completes a valuation of benefits liabilities of the Commission on a periodic basis, not to exceed two years. Such a valuation was performed as at December 31, 1999. The benefits liabilities represent the actuarial present value of all future benefits payments expected to be made for injuries which occurred in the current fiscal year or in any prior year. The benefits liabilities include provision for all benefits provided by current legislation, policies and/or administrative practices in respect of existing claims. No provision has been made for future claims related to latent occupational disease, because they cannot be reasonably estimated, or for future expenses of administration of existing claims.

The benefits liability was determined using accepted actuarial practices in accordance with the standards established by the Canadian Institute of Actuaries.

The benefits liabilities are based on projections of future benefit payments which reflects long-term estimates of economic and actuarial assumptions and methods, modified for current trends. As these assumptions may change over time, it is possible that such changes could cause a material change in the actuarial present value of future benefits liabilities.

	1999 (\$000)	1998 (\$000)
Short-term disability	\$ 4,971	\$ (2,385)
Long-term disability	44,366	18,007
Survivor benefits	455	1,513
Health care	10,760	2,551
Rehabilitation	(1,165)	(500)
	<u>\$ 59,367</u>	<u>\$ 19,186</u>
Claims costs incurred for prior years' injuries include the following:		
	1999 (\$000)	1998 (\$000)
Investment income required to fund benefits liabilities		
From investment income	\$ 28,833	\$ 26,127
Self-insurers' expenses	5,468	4,728
	<u>\$ 34,301</u>	<u>\$ 30,855</u>

5. Reserves

- A disaster reserve has been provided by a 5 per cent charge to annual assessment revenue. The reserve is limited to a maximum of \$10,000,000.
- A reserve for funding studies, projects and research relating to the enhancement of occupational health and safety in the workplace has been provided by a 2 per cent charge to annual assessment revenue. The reserve is limited to a maximum of \$5,000,000. During 1999, \$342,000 was issued from this reserve including an amount of \$300,000 to the Newfoundland and Labrador Construction Safety Association. These funds have been replenished at December 31, 1999.

6. Change in unfunded liability

	1999 (\$Millions)	1998 (\$Millions)
Unfunded liability, beginning of year	\$ (111.1)	\$ (91.7)
Favourable revenue variance	12.7	6.0
Unfavourable accident variance for the current year	(32.1)	(5.6)
Principal portion of unfunded liability assessment	4.9	7.6
Favourable investment income variance	6.9	7.7
Liability adjustments for prior years' claims	(59.4)	(19.2)
Legislative amendment	-	(17.4)
Other	(1.8)	1.5
Unfunded liability, end of year	<u>\$ (179.9)</u>	<u>\$ (111.1)</u>

Notes to Financial Statements

December 31, 1999

7. Administration expenses

	1999 (\$000)	1998 (\$000)
Salaries and employee benefits	\$ 12,216	\$ 10,170
Office and communications	1,812	1,665
Amortization	2,410	2,029
Building operations	472	416
Travel and vehicle operating	483	391
Professional fees	453	549
Recoveries	-	(79)
	<u>\$ 17,846</u>	<u>\$ 15,141</u>

The increase in Salaries and Benefits is primarily attributed to the merger with the Occupational Health and Safety (OHS) Programs Division of the Department of Environment and Labour, new positions created to improve client services, negotiated salary increases effective March 1998 and August 1999, and the Commission's portion of employee benefits.

8. Other expenses

	1999 (\$000)	1998 (\$000)
Occupational Health and Safety Review Division	\$ 3,371	\$ 3,208
Employer and Worker Advisors	606	456
Worksafe Program	350	200
Statutory Review Committee	-	208
	<u>-</u>	<u>22</u>
	<u>\$ 4,327</u>	<u>\$ 4,094</u>

9. Contingencies

The Commission is liable for the future costs of claims relating to certain latent occupational diseases which may have occurred in the current year or previously, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Because of the absence of reliable evidence and data pertaining to these matters, the liabilities cannot be reasonably estimated and have not been recorded in these financial statements.

10. Related party transactions

The Commission is required by the Provincial Government to reimburse it for a portion of the operating costs of the Occupational Health and Safety Division, all of the costs of the Workers' Compensation Review Division and the Employer and Worker Advisor positions. Total expenses incurred by the Commission in these matters are detailed in Note 8.

In addition to these obligations, included in these financial statements are amounts resulting from normal operating transactions with various Provincial Government controlled departments, agencies and Crown Corporations with which the Commission may be considered related. The Provincial Government is also a self-insured employer, and account balances resulting from these transactions are included in the financial statements.